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THE INTERNATIONAL ASPECTS OF ELECTRICAL COMMUNICATIONS IN THE PACIFIC AREA

BY

LESLIE BENNETT TRIBOLET

A DISSERTATION
Submitted to the Board of University Studies of the
Johns Hopkins University in conformity with
the requirements for the Degree of
Doctor of Philosophy
1928

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The Lord Baltimore Press
BALTIMORE, MD., U. S. A.

PREFACE

The purpose of this dissertation is to give an account of the international aspects of electrical communications in the Pacific area as found not only in the Treaties and other formal international agreements but also in the arrangements of nominally private character with syndicates or corporations " in which the economic or financial element is often merged indistinguishably with political considerations."[1]

This study was suggested by Professor W. W. Willoughby, to whom the author is deeply indebted for constant guidance, constructive criticism, and for direct help in obtaining valuable material not ordinarily accessible. The author was also fortunate in being able to secure the position as Secretary of the Convention Committee of the American Delegation to the International Radiotelegraph Conference held in Washington during the fall of 1927.

The author wishes to express his appreciation to President Frank J. Goodnow, Professor John H. Latané, and Mr. W. F. Willoughby for training in methods and studies which have found application in this dissertation. He wishes to thank Mr. Walter S. Rogers for the many valuable suggestions and

[1] J. V. A. MacMurray, Treaties and Agreements with or concerning China, 1894-1919. Introductory Note.

quotations received from the use of the outline which he prepared for the course of lectures on "International Electric Communications," delivered at the University of Chicago during the summer of 1924, and for reading the rough draft of this manuscript. To Mr. William R. Vallance, Assistant Solicitor of the Department of State, who examined and made suggestions regarding the part of the first chapter dealing with the Radio Conference of Washington, especial thanks are due. Valuable information, involving considerable time and trouble, was given to the author by Mr. William R. Castle, Assistant Secretary of State; Admiral Bullard, formerly head of the Federal Radio Commission; Mr. Laurens E. Whittemore, Secretary of the American Delegation to the International Radiotelegraph Conference of Washington (1927) and Research Director of the American Telephone and Telegraph Company; and Colonel Manton E. Davis, Assistant Counsel for the Radio Corporation of America.

L. B. T.

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CHAPTER I

Introduction

THE PROBLEM

Formerly the Mediterranean was the center of the civilized world. Today the Atlantic occupies that position. But recent events tend to corroborate numerous prophecies that tomorrow is likely to find the vast reaches of the Pacific, now spanned with the speed of light by electrical communications, the center of the stage in that interplay which makes up the drama of history. What part will America play in this historical drama? What will be the relations of other nations to the part played by the United States, and what influence will electrically transmitted messages have in the events which are to come?

At present, physical force is still as potent in international relations as duels were in individual relations a century ago. But, more and more, nations are discovering that propaganda rules the world. Formerly, the sovereign considered the field of international relations as his particular province. Even today, singularly slight attention is paid to international affairs by the " sovereign " peoples, although statesmen are becoming more and more dependent on public opinion to back their policies. National

and international public opinion will be largely formed in the Pacific Area by the United States and Japan, the greatest newspaper reading countries in the world, together with China where the court of public opinion is especially strong. The news carried by electrical communications may be as potent as navies in the future history of the Pacific.

However, other nations, which in times past have been more far-sighted than ourselves, are not going to stand by supinely and see the network of communications which they have built with great expenditure of effort and capital displaced by American enterprise. It has been Britain's boast for centuries past that Britannia rules the waves. That naval supremacy is now over, but England has been the first to realize that propaganda rules not the waves but the world. This vision coupled with British tenacity has made London the cable center of the world. The British Lion has bound his empire with rails of steel on land and cables on the floor of the ocean into an effective whole which continues to play a leading rôle in the world. Ever progressive and more than ready to keep up with new methods, Britain has sought to restrain the American Eagle by preempting the wireless possibilities of the world. Thanks, however, to some far-sighted American officials and influential public spirited citizens, the United States has gained a preeminence in wireless as a proper companion to her probable future leader-

ship in aviation. New York is now the wireless center of the world.

Fate has made our British cousins, who are the most far-sighted, hard-headed and skilful traders the world has ever seen, our chief competitors in this particular matter of electrical communications. From the very beginning, the British have realized the strategic value of efficient communications in military and naval operations and the vital importance of quick, undelayed communication during the critical times immediately preceding and following the outbreak of hostilities. Lately, the British have discovered the use of radio in building up home morale and breaking down that of the enemy. In international conferences the British are always abundantly supplied with secret, quick communication channels with their own government and special facilities for presenting their side of the news to the world press. Profiting perhaps by the experience of the Versailles Conference where facilities did not exist to give full reports of the sessions to the world,[1] the British have ended the destructive competition of the strongly intrenched cable interests in their own country and added radio facilities to this extensive cable system.

The lessons learned in the crucible of war and direct preparation for war have been applied in times

[1] Ray S. Baker, Woodrow Wilson and World Settlement, Chap. XLVII; The Problem of World Communications at Paris. See also ibid., vol. III, Documents 62-64.

of peace to create unity within the empire as a foundation for leadership of the empire among the nations of the world. Subsidized cable and imperial communication facilities have provided interchange of news at low rates to the various parts of the empire, which has resulted in common bonds of knowledge and interest. Since London is the cable center of the world it has been easy for England to maintain leadership directly through the holding of shares in foreign communication companies or indirectly by the ability to crush struggling entrants appearing on the scene of international communication. One hears much about the power of the press, due to the fact that the large mass of voters in every country get most of their opinions from the daily papers. Here again the British have scored. Although there are other large press associations in the world, such as the Associated Press, United Press, Universal Service and the International News in the United States, the Havas agency in France, Wolff in Germany, and Kokusai in Japan, these associations deal with very few countries outside their home territories, whereas Reuters, the British association, is world-wide.

The far-sightedness and ingenuity of the British have been displayed not only in the political field, but also in commerce and international trade. Railroads, shipping and banks may be the pillars supporting the leading position of England in international

trade, but communication is the cap-stone. Communications inform the captain of a ship when and what to load and unload, and when to sail, often to the disaster of other captains not so well posted. That commercial competitors are at a disadvantage when their orders, bids, and trade secrets have to pass through the hands of the communication companies of other nationals is strongly brought out in a written memorandum filed by Elihu Root, Jr., son of the former Secretary of State, in the State Department for the use of the American members of the Preliminary Communication Conference held in Washington in 1920, which states, "It is a matter of common knowledge that the highly efficient cable system of Great Britain is so closely coordinated with the diplomatic and commercial interests of that country that no message which might be of value either to the British foreign office or to the British Board of Trade is assured of secrecy if at any point in its journey it passed over a British line."[2] In all phases of their activities the British cable and radio interests are backed by their own government. Private communication companies are often urged to secure monopolistic and other special privileges in foreign countries where privileges would not be granted to foreign governments.

[2] U. S. Senate. Committee on Interstate Commerce. Cable-landing licenses: hearings before a sub-committee on Senate bill 4301, a bill to prevent the unauthorized landing of submarine cables in the United States. (Dec. 15, 1920–Jan. 11, 1921), 66th Cong., 3d sess., p. 87. Hereafter referred to as *Cable-landing Licenses.*

Although England has been and is the chief competitor of the United States, other countries have also realized the necessity for nationally controlled communication systems. In the face of British opposition,[3] Germany, before the World War, had created a network of cables in the North and South Atlantic oceans and in the Far East. The allies destroyed or diverted these cables during the war. During the Versailles conference [4] and the Preliminary Communications conference held in Washington in 1920, England secured the lion's share of the former German cables as security for payment of reparations, although the United States made protest concerning certain points at that and other times, being especially concerned over the loss of direct communication with Germany. Informal meetings were held over the matter at the time of the Washington Radiotelegraph Conference of 1927. At present the United States has direct communication with Germany by radio and by a recently laid cable.

The French, with an eye to colonial unity, have also a comprehensive system of cables. Of interest in connection with the subject is the fact that before the war the French more or less controlled the news situation in South America which is one reason why

[3] For a consideration of Anglo-Germanic Cable rivalry, see Charles Lesage, La Rivalite Anglo-Germanic. Les Cables Sous-Marins Allemands. Paris, Plon Nourrit et Cie., 1915.

[4] The Treaty of Versailles (Part VIII, Art. 244, Annex VII) required Germany to renounce the cables in behalf of the Principal Allied and Associated Powers.

in so many activities South America looks to Paris for leadership.

Describing the communication services as a whole, we find that the principal cable and telegraph systems of the world are: (1) The Great Northern Telegraph Company, which is registered as a Danish company (but is really under British control at least as far as the Pacific area is concerned) with cables in Northern European waters, telegraph lines across Russia, and cables in the Far East; (2) The Eastern Cable Company and its associated companies (British) with cables in the North Atlantic, South Atlantic, Mediterranean, Indian Ocean and the Far East; (3) The Indo-European Telegraph Company (British) operating across Europe, through the Caucasus, into Persia, where connection is made with the India government telegraphs; (4) the "All Red" cables (owned and operated by Great Britain and the Dominions concerned) connecting England with Canada and Canada with Australia; (5) French cables in the North and South Atlantic, the Mediterranean and the Indian ocean; (6) The Dutch government cable system in the East Indies; (7) The "All-Americas" (an American Company) with cables connecting various places in North and South America; (8) The Western Union Telegraph Company with cables across the Atlantic, to the West Indies and to Barbados; (9) The Postal-Commercial (a group of American companies) with cables to

Europe, to the West Indies and in the Pacific from San Francisco to the Philippines, Japan and China.

In the field of radio, the commercial systems are operated by the Radio Corporation of America (United States), the Compagnie Generale de Telegraphie sans Fils (French), the Marconi companies (British), and the Gessellschaft für Drahtlose Telegraphie (Germany). The government systems are British, French, American (Navy), and the Japanese.[5]

One may get an idea of the part the United States will play in this drama from a study of her past actions. Historically speaking, the United States has followed the policy of not granting monopolies, and controlled the issuance of cable landing licenses in such a way as to break up monopolies. Furthermore, our government has followed the policy of simply regulating the development of electrical communications in the international sense, leaving the management to private enterprise.[6]

[5] The Hydrographic Office of the United States Navy publishes a map of the cable systems of the world in three parts designated as No. 2180a, No. 2180b and No. 2180c dealing with the Atlantic area, the Asian area and the Pacific (does not include the part near Asia) area respectively. Communication maps are also published by the International Bureau of the Telegraph Union at Berne, Switzerland.

[6] On the other hand, there are ardent advocates of government ownership, who desire to put radio communication on a postal basis, charging rates which will merely cover operating and amortization expenses. Perhaps government ownership will come about 1945, when a good many of the contracts of the Radio Corporation of America with foreign countries expire. During the present period of development when initiative is needed it is thought best to leave communication in the hands of private companies.

The only government agencies of the United States interested in the conduct of communications are the Signal Corps of the Army which has charge of the government owned cable to Alaska, and the Navy Department with its own chain of radio stations across the Pacific. This latter chain of communications can be used for commercial traffic only in case of need under abnormal conditions. Members of the Navy Department instigated [7] the founding of the Radio Corporation of America, and, in cooperation with the Department of State and the Department of Commerce, made possible the existence of the Radio Corporation under the tremendous world-wide competition of communication interests. It is no secret that some of the sharpest notes ever exchanged by our Department of State with the British government have been over controversies concerning communications. From the time of the administration of President Grant down to the World War the United States ineffectually protested against foreign monopolies in the field of international communications. Since the World War, however, the United States has been in a position to demand and obtain its rights.

This attitude toward private enterprise has necessarily played a most important part in our handling

[7] Annual reports of the R. C. A. for year 1920, p. 4; 1921, p. 3; 1922, p. 3. See also Cable Landing Licenses, 331-337. See also Report of the Federal Trade Commission on the Radio Industry (1923), pp. 15-16.

of domestic communications, but we also find this same idea or attitude as an underlying theme in our relations with foreign governments, most of whom have far more direct or indirect control of the various communications systems of their respective countries than the United States has had in times past. The United States is almost alone in not adhering to the International Telegraph Convention of St. Petersburg (1875)[8] which is a political document that has never been amended. According to the terms of this Convention the High Contracting Parties undertake to adopt all measures necessary to the secrecy of correspondence, and to assign special wires for the rapid transmission of international telegrams. Government telegrams have priority over other telegrams and may in all cases be sent in secret language. The High Contracting Parties reserve the right to stop the transmission of any private telegram which appears dangerous to the security of the State or which is contrary to the laws of the country, to public order, or to decency; and to suspend, either generally or only on certain lines, any or all international telegraphic service for an

[8] Department of Commerce, Bureau of Foreign and Domestic Commerce, Miscellaneous Series No. 121 entitled International Communications and the International Telegraph Convention (St. Petersburg, 1875, Lisbon, 1908). Washington, Govt. print. off., 1923. For complete source material references in French and English of all the Conferences of the Universal Telegraph Union and the Wireless Telegraph Union, see Myers, Denys P., Manual of Collections of Treaties (1922), pp. 485-489, 554-555.

indefinite time if considered necessary, subject to notification thereof to the other Contracting Governments. Provisions are made to facilitate service to make tariffs uniform. Provision is made concerning the collection of accounts and also for a central organization to have charge of collecting, combining and publishing information of every kind relative to international telegraphy.[9] Other articles of the Convention deal with the question of votes; special arrangements concerning services, accession to the Convention, relations with non-adhering states, the time the Convention shall take effect, the matter of denunciation of the Convention, and lastly the procedure of ratification.

The United States has not adhered to the above Convention (along with Canada, China and one or two other countries), because of the opposition of American communication companies to what they consider undue international control and regulation. Private companies are likely to be at a loss in direct competition with foreign governments most of whom control their own communication systems. The objections of at least one of the American companies are well stated in a letter from Mr. Clarence H. Mackay, President of the Commercial Cable Postal Telegraph Company, New York, to Hon. Norman Davis, Chairman of the American Delegation to the

[9] Now the International Bureau of the Telegraph Union at Berne, Switzerland.

Preliminary Communication Conference of Washington (1920), dated November 15, 1920:

We would have no fundamental objection to adhering to the International Telegraph Convention covering service regulations if it were possible to protect ourselves against any unreasonable regulations, present and future. We have always complied with practically all of the regulations of the international convention, and our principal reason for not wishing to formally adhere to it is because we see no advantage either to us or to the public in doing so. On the contrary, there might be a distinct disadvantage in doing so by being obliged to comply with regulations which are burdensome. We would point out that we are now facing the competition of two government cable systems across the Atlantic, namely, the British government and the French government. We do not wish to be mistaken as opposing the international convention in so far as its regulations are designed to maintain a uniform method of dealing with international traffic, but to compel us to be strictly bound by rules and regulations which are created more in the interests of the European Government-owned telegraph systems will not only destroy the enterprise of competitive service but reduce the private companies to the conditions of Government ownership.[10]

The Convention of St. Petersburg proper (which is a political document) has never been amended while the Regulations established thereunder and promulgated as prevailing practices or working rules to put the Convention into effect, have been revised several times, the last times being at Lisbon in 1908 [11]

[10] Cable Landing Licenses, 277.

[11] See note 9 above.

and at Paris in 1925.[12] The United States has never signed these regulations either originally or as revised.

The particular objections of the American companies to these regulations as stated in the letter of Mr. Mackay quoted above are as follows:[13]

. . . . In all essentials for the conduct of telegraph or cable business we have complied strictly with the provisions of the convention except those relating to charges for the performance of our own service, the transmission of time of filing, the making of multiple copies of the same telegram, and the compulsory transfer of messages from our own lines to the lines of competing services known as the recognition of "vias."

We collect and transfer to the signatories the charges prescribed by the convention.

We know the transmission of the time of filing to be a waste of cable space in connection with a large percentage of messages. We contend that when the time of filing is necessary to the transaction referred to in the message it should be included in the message by the sender as a part of his message.

The making of multiple copies would have the effect of turning the telegraph office into a copying bureau for all kinds of syndicates for the distribution of matter which should properly be done by the agent of the sender. It would in effect compel us to become the agent of any person or concern without our consent. Government-owned systems can undertake to do this because, as declared in the convention

[12] International Telegraph Convention of St. Petersburg and Service Regulations Annexed, Revision of Paris (1925). London, H. M. Stationery Office (Adastral House, Kingsway, London, W. C. 2), 1926.

[13] Cable Landing Licenses, 277.

(Article 3), they accept no responsibility on account of the service of international telegraphy.

The recognition of the routing prescribed by the sender would compel private enterprise to place the use of their property at the service of competing concerns on the same terms as they are employed for our own business purposes.

A Convention of less importance which dealt with the Protection of Submarine Telegraph Cables was drafted and adopted in 1884. The principal provisions in this Convention were (1) The breaking or injury of a submarine cable, done wilfully or through culpable negligence, is declared a punishable offense; (2) At least cost of repairs is to be paid where a cable is injured or broken in the course of laying or repairing another cable; (3) Indemnification is provided in case of apparatus sacrificed by ships in order to avoid injuries to cables; (4) The courts competent to take cognizance of infractions are those of the country to which the vessel on board of which the infraction has been committed belongs. In practice, the provisions of this Convention have proved inadequate. The subject was considered in 1913 by a conference of the maritime powers of Western Europe. Owing to the outbreak of the European war, the proposals of the conference did not come into effect.

The United States did sign the International Radiotelegraph convention of London (1912). This convention will later be discussed more fully in connection with the events leading up to the recent In-

ternational Radiotelegraph Convention of Washington. The London convention dealt with the maritime services. The United States made the reservation that it could take no action in the matter of tariffs as radiotelegraphy was conducted in the United States by private enterprise. Those regulations which were in accordance with the practice of the United States were enacted into United States law.

That the agreements made in 1912 were no longer applicable in view of the rapid advance of radio technique was recognized at the Versailles conference [14] which, however, left questions concerning radio to a Preliminary Communications Conference held in Washington during the closing months of the Wilson régime. During the war cooperation amongst the Allies in radio found expression in what is called the EU-F-GB-I radio protocol of August 25, 1919. In victory, the representatives of the Principal Allied and Associated Powers met at Washington in 1920

[14] Universal Electrical Communications Union; Revised Draft of Convention and Regulations; originally prepared at Washington, D. C., December, 1920, and amended in accordance with the recommendations of the technical committee on radio-communications, Paris, 1921. June 1922 (place of publication not given), p. iv.

The following resolution was adopted by the five Principal Allied and Associated Powers meeting at Paris in 1919:

"The Principal Allied and Associated Powers shall, as soon as possible, arrange for the convoking of an International Congress to consider all international aspects of communication by land telegraphs, cables or wireless telegraphy, and to make recommendations to the Principal Allied and Associated Powers with a view to providing the entire world with adequate facilities of this nature on a fair and equitable basis."

to consider the amalgamation of the Telegraph and Radiotelegraph Conventions and Regulations, with the avowed object of simplifying communications by bringing all methods of electrical communication as far as practicable under the same rules. Although the report or draft convention of the Preliminary Conference was never put into operation it is interesting in view of the fact that it is the only time the United States has even considered the idea of a Universal Communications Union; also it gives us an inkling of the sort of document we may expect if the other nations of the world decide to amalgamate the two conventions over our heads at Brussels in 1930.

The Powers which took part in the Preliminary Conference reserved the right to propose further modifications to the draft convention. The draft Regulations relating to procedure and the working of apparatus were only considered in a general way by a subcommittee, and all the Delegations at the Preliminary Conference especially reserved the right to propose modifications relating to these subjects.

At the second plenary meeting of the Conference when the report of the subcommittee on Universal Communications Union and Telegraph and Radio Conventions was adopted, the following reservation was made on behalf of the American representatives:

> The American Delegation takes this occasion to again call attention to the fact that telegraphs, cables, and radio stations in the United States are largely owned and operated

by private companies; that the United States is not a signatory party to the International Telegraph Convention; that the American delegation has participated only conditionally in the discussion relating to these conventions; and that should a convention such as the proposed Universal Electrical Communications Union be submitted to the Powers for ratification, the United States could only adhere, if at all, through a separate protocol. It is the understanding of the American Delegation that such conditional adherence made necessary by private ownership of communication facilities would be agreeable to other Governments provided the terms of the protocol are satisfactory. The American private companies have not as yet been able to examine the draft and submit their observations thereon.[15]

At the same meeting the following reservation was made on behalf of the Canadian delegation:

I should like to add that the Canadian representatives wish to make a somewhat similar reservation and especially they felt unable at present to bind themselves to accept a convention relating to ordinary telegraphy, although they undertook that the question should be fully and sympathetically considered by their Government.[16]

The twenty-eight articles of this draft convention follow the same general outlines of the St. Petersburg convention. It is also similar in form although opposed in view-point to the International Radiotelegraph Convention of 1927 which we shall discuss shortly.

A few of the articles of the draft convention of this Preliminary Communications Conference de-

[15] Ibid., p. iv.
[16] Ibid., p. iv.

serve attention because of innovations or for other reasons. For example, Article 17 shows the influence of the League of Nations in providing that " A universal Electrical Communications Council is hereby established consisting of representatives from the United States of America, France, Great Britain, Italy, and Japan, and four other representatives, chosen by the other signatory parties, to be selected at each General Conference of the High Contracting Parties."[17] Article 20 is also objectionable to our private companies as it provides for the modification of Regulations at any time by a two-thirds majority which would allow a combination of foreign governments operating their own systems to impose their will on our private companies. The government systems of Great Britain, for example, have cost British tax-payers several hundreds of millions of dollars during the period of government operation, due to subsidies, inefficiency, etc. A private company whose existence depends on profits finds it hard or impossible to meet such competition. Article 22 provides that, " The following Governments shall each have six votes: The United States, France, the British Empire, Italy, and Japan."[18] During the International Radiotelegraph Conference of London in 1912 the votes ran as follows: Germany, the United States, France, Great Britain and Russia, each six

[17] Ibid., p. 3.
[18] Ibid., p. 4.

votes; Italy, three; Japan, two; and most of the other states, one. During the only roll-call of the International Radiotelegraph Conference of Washington in 1927 the votes were cast as follows: Germany, United States of America, France, Great Britain, each six votes; Italy, five; and Japan, two.

In addition to drafting an amalgamated convention and to revising and extending regulations, the Preliminary Conference (1) undertook (without result however) to reach an agreement for the distribution of the cables that had been renounced by Germany; (2) considered the subject of the status of cables in wartime (Conference recommended that the powers consider the calling of a special conference to consider the subject); (3) approved a resolution designed to prevent, except in specified special cases, future grants of cable and radio monopolies; (4) recommended the convening of a conference of experts to revise Convention of 1884 (Protection of Submarine Cables from Damage); (5) consider a proposal that islands and other points suitably located be made available upon a reciprocal basis, for cable relay stations; (6) prepared proposals for the improvement of communication facilities between the five principal Allied and Associated Powers. A radio committee selected by the conference sat in Paris and discussed technical questions concerning radio-communications.[19]

[19] See note 14.

What little action the Washington Disarmament Conference of 1922 took in the matter of electrical communications in the Pacific area will be discussed in a subsequent chapter. This conference, however, did adopt a resolution as a result of which a Commission of Jurists convened at the Hague. This commission [20] took up the matter of the relation of international law [21] to radio and aircraft in time of war.

Before leaving this subject it may be well to repeat that it is seen that the policy of the United States has been to leave the field of international electrical communications to private enterprise. The granting of cable landing licenses [22] was handled by the Department of State without question until after the World War. When the right of the executive to control the issuance of licenses was questioned in court during the Miami cable landing controversy,[23] Congress enacted a law [24] confirming the executive in his use of this power. Cable licenses have been used as a lever to prevent monopolies and to secure reciprocal rights in foreign countries.

Having considered the important "Wire" conventions we will now turn our attention to those conferences dealing with radio alone.

[20] J. B. Moore, International Law and Some Current Illusions, 182.

[21] William M. Strachan, Radio Communication: A Problem in Domestic and International Jurisdiction and Legislation. (In preparation.)

[22] Cable Landing Licenses, 12-32, 426-513.

[23] Ibid., p. 221.

[24] Ibid., p. 1.

Although we are inclined to consider the art of radio as something recent due to the publicity given broadcasting during the last few years, international radio conferences have been held for practically a quarter of a century. The first conference of 1903 was merely a preliminary to the conference held in Berlin in 1906. Fear of a world monopoly by the Marconi interests caused the calling of these early conferences.

The International Radiotelegraph Conference of 1912 dealt only with the maritime services. The United States signed this 1912 convention with a reservation as Article II of the Final Protocol which reads: "Note is taken of the following declaration: The Delegation of the United States declares that its government is under the necessity of abstaining from all action with regard to rates, because the transmission of radiotelegrams as well as of ordinary telegrams in the United States is carried on, wholly or in part, by commercial or private companies." The convention was ratified with the Senate reservation: "that nothing in the Ninth Article of the regulations affixed to the Convention shall be deemed to exclude the United States from the execution of her inspection laws upon vessels entering in or clearing from her ports."

The war prevented the holding of the next International Radiotelegraph Conference which was scheduled to be held in Washington in 1917. Instead it was held in 1927, ten years later.

There was an International Preliminary Communications Conference held at Washington in 1920 in the closing months of Wilson's régime, which prepared a draft Convention providing for a Universal Electrical Communications Union. This Union was to have supervision over international wire, radio and visual communication. After full consideration the United States felt that it could not agree to this Union. As the United States has since the war assumed leadership in radio communication it was felt that the United States would be better able to maintain that leadership in a separate Radio Convention.

The International Telegraph (as distinguished from Radiotelegraph) Conference held in Paris in 1925 adopted a resolution [25] which would have had the effect of amalgamating the Telegraph and Radiotelegraph Unions at the International Telegraph Conference to be held at Brussels in 1930 (the centenary of Belgium's independence). Both the United States and Canada objected to the adoption of such a resolution looking toward the amalgamation of the two Unions at the recent conference, although it

[25] Resolution adopted at Paris, 1925. (Second Plenary Meeting.) The conference expresses the opinion that, after the Radiotelegraph Conference of Washington, the Contracting Governments should consider the best way of modifying the St. Petersburg Convention, and of introducing into it the provisions of the Radiotelegraph Convention by a Congress possessing the necessary powers. It expresses the hope that the Washington Conference may be able to make a similar recommendation.

was impossible to state what their attitude might be in the future. Whereupon Italy proposed and the Convention Committee adopted a harmless wish which was acceptable to the United States and Canada. The next International Radio Conference is scheduled for Madrid in 1932 as five years is the normal period between conferences.

A less comprehensive conference was held in Mexico City in 1924.[26] This Inter-American Committee on Electrical Communications debated whether the report of the committee should be drafted as a single convention covering both wire and radio communication, or as two separate conventions. The delegates of the Central and South American countries were, with the exception of the Argentine Republic, unanimous in opposing the delegates of the United States who stood firmly for separate conventions and did not sign the treaty which was prepared. The draft treaty is expected to come up for further consideration at the Sixth Conference of the Pan American Union to be held at Havana in January, 1928.

The recently concluded International Radiotelegraph Conference of Washington of 1927 [27] has been

[26] Interamerican Committee on Electrical Communications, Mexico City, May 27 to July 22, 1924. Report of the Delegation of the United States. Department of State, Washington, D. C. Govt. Print. Off., 1927.

[27] It was the privilege of the author to be the Secretary of the Convention Committee of the American Delegation which represented the United States at this conference. The author gratefully acknowl-

highly successful from the international point of view as well as from the point of view of American public and private interests. In his closing speech, Herbert Hoover, the president of the conference, said: "That the representatives of eighty different governments, the largest international conference of history, have been able to sit together for a period of seven weeks and, without any important disagreement, to reach a unanimous conclusion upon so highly a technical and so difficult a problem, in itself, not only a sign of progressive capacity of the world to solve international problems, but it is a fine tribute to the character and spirit of the delegations from all these nations."

The State Department which sponsored the conference defined its scope in an early statement dated August 21, 1925, which concluded:

> The subjects to be discussed at the conference will include the revision of the International Radiotelegraph Convention and Regulations, signed at London on July 5, 1912, and the discussion of measures for the International supervision of communication by radio between the large fixed stations; broadcasting, including the handling of press messages; radiotelephone; measures for elimination of interference; distress messages so as to take cognizance of increased uses and classes of service; radio aids to navigation; and other purposes for which radio has been used as a result of the development of the art since 1912.

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edges his debt of gratitude to Mr. William R. Vallance, Assistant Solicitor, Dept. of State, for reading and, in some instances, correcting the portion of the manuscript dealing with the conference.

The United States was represented at the Conference by Herbert Hoover, Secretary of Commerce and President of the Conference; Judge Stephen Davis, Director of the Joint Committee of National Utility Associations (formerly Solicitor of the Department of Commerce) and Vice-President of the Conference; Senator James E. Watson of Indiana, head of the Interstate Commerce Committee, also Senator E. D. Smith, member of that committee; Representative Wallace H. White of Maine, Chairman of the Committee of Merchant Marine and Fisheries; Admiral W. H. G. Bullard (recently deceased), Chairman of the Federal Radio Commission; William R. Castle, Jr., Assistant Secretary of State; William R. Vallance, Assistant Solicitor of the Department of State; Major-General Charles M. Saltzman, Chief of the Signal Corps of the U. S. Army; Captain Thomas T. Craven, Director of Naval Communications of the U. S. Navy; W. D. Terrell, Chief of the Radio Division of the Department of Commerce; Owen D. Young, Chairman of the Board of Directors of the Radio Corporation of America and of the General Electric Company; Colonel Samuel Reber, also of the Radio Corporation of America and alternate for Mr. Young; General John G. Carty, Vice-President of the American Telephone and Telegraph Company; John Beaver White, Electrical Engineer; and Professor A. E. Kennelly of Harvard University.

Although the Conference did not convene until October 4, 1927, the American delegation started holding meetings on June 22, 1927. A great deal of work had been accomplished by various committees and organizations, however, in the months and years previous. At the second meeting of the American delegation, held July 7, 1927, the following committees were assigned to make preparations for the conference (1) Convention, (2) General Regulations, (2a) Mobile and special service regulations, (2b) Regulations for Point-to-Point Services and other Service Regulations, (3) Tariffs, Word Count, and Accounting, (4) Technical, (5) Drafting, (6) International Code of Signals.

Although it was not in accord with the accepted procedure of former conferences, it was decided by the American Delegation at an early date to invite the Press to attend all Plenary sessions. A press bureau was organized several weeks before the conference opened, to give out prepared statements and answer questions asked by press representatives.

In planning the assignment of Committee Chairmanships and Vice-Chairmanships, the United States took into consideration the fact that the committee chairman has a great control over the work of his committee, also that a chairman confers considerable prestige, so that it was thought better to have a world-wide distribution of the posts rather than have them concentrated in the European sphere

as they were in the list proposed by the International Bureau of the Telegraph Union.

The inaugural session of the International Radiotelegraph Conference was held on October Fourth, at which President Coolidge gave an address of welcome. After the formalities and pleasantries of the inauguration were over the Conference settled down to work. Although the American delegation was disappointed in its hope that English would be adopted as one of the official languages, nevertheless the sentiment for the use of English on the part of the Canadian, Japanese and Chinese and other delegations was so strong that the conference adopted an internal rule providing that speeches should be translated into English on the demand of any delegation. The Japanese delegation stated that it would request that each speech as it was made be translated into English and asked to have the translating done as a matter of course as it would be very tiresome to repeat its request so many times during a session. Thus, although French was the official language of the Conference, all discussions in all committee and plenary sessions took place in both languages except in a few sub-committee meetings where everyone spoke French.

During the Conference there was always the spirit of compromise present and every effort was made to meet the views of all the nations so that nearly all the articles of the Convention were adopted by unanimity. In the various committees and sub-committees where the real work of the Conference was done,

and nearly all of the important decisions were made, the decisions were by majority vote. As any country could obtain membership on any of the regular committees by a simple request, all countries had a chance to give their view points and ordinarily could and did have equal votes. However, the so-called "Big-Six" nations did have the preponderant influence.

The position of the United States was set forth most clearly, concisely, and decisively in a speech made by Judge Davis before the Convention committee on October 25, from which time forward the United States assumed definite leadership of the Conference. The United States had defined its position several times earlier, especially in the lengthy Article 3 of the Book of Proposals which the International Bureau at Berne, Switzerland, had compiled several months previous to the Conference and which book contained the view point and proposals of all the countries which cared to submit them. The position of the United States, as stated by Judge Davis, follows:

The delegation of the United States proposes:

1. That the Convention and Annexed Regulations adopted by this Conference be divided, as a matter of form, into three classes, of equal binding force among the countries signatory to them, namely, the Convention, General Regulations designated as Annex No. 1, and other Regulations designated as Annex No. 2.

2. That the Convention consist of general provisions covering the subjects included in the London Convention and any

further proposals of an amendatory character which may be adopted at the present Conference. The Delegation of the United States would expect to become signatory to such a Convention.

3. The General Regulations, designated as Annex No. 1, would include the provisions which all governments agree must, in the public interest, be followed by their operating agencies, whether publicly or privately owned. Among the subjects, which the Delegation of the United States considers would fall in this classification, are the rules designed to prevent interference, the allocation of frequencies among services, and those directed to efficiency and uniformity in the mobile service, both as to vessels and aircraft. The Delegation of the United States would expect to become signatory to Annex No. 1.

4. The Regulations designated as Annex No. 2 would include all rules which the countries adhering to the International Telegraph Convention and Regulations consider desirable among themselves, either in addition to those Regulations or as modifications of them. Since the United States does not adhere to the International Telegraph Union, it would not become party to Annex No. 2.

By way of summary, the suggestion of the United States is that provisions of a general governmental character, which may properly be adopted by countries which do not themselves conduct their communication systems, be included in the Convention proper and in Annex No. 1, to which the United States would adhere: and that any further provisions which may be deemed advisable by this Conference be included in Annex No. 2.

The other nations asked us to make Annex 2 as small as possible, which we did. Of the sixty provisions of the entire Convention and Regulations

only eight were placed in Annex 2 which we did not sign and most of those dealt with the question of rates and the handling and the routing of messages which the United States decided could better be left to the discretion of our private operating agencies.

Now we shall take up the various Articles of the Convention as finally signed by the delegates. The preamble, which gives the list of countries (arranged alphabetically in French), reads as follows:

INTERNATIONAL RADIOTELEGRAPH CONVENTION

ENTERED INTO

Among the Governments of

Union of South Africa, French Equatorial Africa and other colonies, French West Africa, Portuguese West Africa, Portuguese East Africa and the Asiatic Portuguese possessions, Germany, Argentine Republic, Commonwealth of Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, China, Republic of Colombia, Spanish Colony on the Gulf of Guinea, Belgium Congo, Costa Rica, Cuba, Curaçao, Cyrenaica, Denmark, Dominican Republic, Egypt, Republic of El Salvador, Eritrea, Spain, Esthonia, United States of America, Finland, France, Great Britain, Greece, Guatemala, Republic of Hayti, Republic of Honduras, Hungary, British India, Dutch East Indies, French Indo-China, Irish Free State, Italy, Japan, Chosen, Taiwan, Formosa, Japanese Sakhalin, the Leased Territory of Kwantung, and the Islands of the Pacific under Japanese Mandate, Republic of Liberia, Madagascar, Morocco (with the exception of the Spanish Zone), Mexico, Monaco, Nicaragua, Norway, New Zealand, Republic of Panama, Paraguay, the Netherlands, Peru, Poland, Portugal, Rumania, Kingdom of the Serbs, Croats,

and Slovenes, Siam, Italian Somaliland, Sweden, Switzerland, Surinam, Syro-Libanese Territories, Republic of San Marino, Czechoslovakia, Tripolitania, Tunis, Turkey, Uruguay, and Venezuela.

The undersigned, plenipotentiaries of the governments of the countries enumerated above, having met in Conference at Washington, have, by common accord and subject to ratification, established the following Convention: (The Articles of the Convention follow.)

Each country named its own signatories, some countries affixing one signature, others several. This solution met the views of colonial representatives who had full powers to sign. It was agreed that the inclusion of plural signatures in the above list did not imply the right to claim plural votes at future conferences.

The numbering of the articles of the Convention follows the numbering of the London Convention for purposes of easy reference. These articles will be renumbered by the Berne Bureau sometime in the future, Article Zero probably becoming Article One, etc. Article Zero on Definitions probably owes its existence to the United States as very few nations saw the necessity for definitions but rather the right to interpret terms in conformity with the customs of the country. Mr. Pierart of Belgium, Chairman of the Drafting Committee, remarked that when one writes a love letter one does not define the word love at the top of the page. Of the thirteen definitions in Article Zero the definition of the term " interna-

tional service" was of greatest interest to the United States. The definition of the term "International Service," as originally drawn up and offered by the United States, reads as follows:

> The term "International service" means radio communication service between two or more stations, one of which is within the jurisdiction of a sovereignty other than that in which the radio station transmitting the communication is located, or one or more of which is on or over the high seas.

The term "International Service" as finally adopted was drawn up by the British Delegation and changed in minor points to meet the views of the United States. It reads as follows:

> The term "International service" means a radio communication service between a station in one country and a station in another country, or between a land station and a mobile station located outside the limits of a country in which the land station is situated, or between two or more mobile stations on or over the high seas. An interior or national radio communication service which is likely to cause interference with other services outside the limits of the country in which it operates is considered an international service from the standpoint of interference.

Article 1 defines the scope of the convention.

Article 2 was deleted.

Article 3, on Obligatory Intercommunication, was of special interest to the small nations with large shipping and other interests, who remembered that the Berlin Conferences were called to prevent a world

monopoly by the British Marconi interests. Par. 2 which protects their interests reads as follows:

> With regard to communication between stations participating in the mobile service, the stations carrying on these communications shall, within the limits of their normal operations, exchange radiotelegrams reciprocally without regard to the radio system adopted by them.

On the other hand scientific progress is assured by Par. 3 which reads:

> In order not to impede scientific progress, however, the provisions of the preceding paragraph shall not prevent the eventual use of a radio system incapable of communicating with other stations, provided that this incapacity be due to the specific nature of that system and it be not the result of devices adopted solely for the purpose of preventing intercommunication.

Article 4 on Limited Service deals with the assignment of stations to a limited international service.

Article 4 (bis) on Secrecy and False Signals undertakes to promote secrecy and prevent the transmission of false or deceptive signals.

In Article 4 (ter), on Information regarding Violations, "The contracting Governments undertake to aid each other in supplying information as to violations of the provisions of the present Convention and of the Regulations annexed thereto as well as, if necessary, in the prosecution of persons violating these provisions." The United States could also agree to Article 4 (ter) as we have similar treaties

of comity with Canada and Cuba in regard to exchange of information concerning smuggling.

In Article 5 on Land Line Connection, " Each of the contracting Governments undertakes to take necessary measures in order that land stations, established on its territory and open to the international service of public correspondence shall be connected to the general system of communication or at least to take steps to assure rapid exchanges between these stations and the general system of communication."

In Article 6 is given the method by which information may be furnished to the International Bureau of the Telegraph Union.

Article 7 dealing with the admission of special devices makes it clear that manufacturing secrets need not be divulged.

Article 8 helped to accomplish one of the big objects of this Conference, that of avoiding interference.

Article 9 which deals with priority for distress calls reads as follows:

> Radio stations engaged in the mobile service shall be obliged to give absolute priority to distress calls, regardless of their origin, to answer such calls, and to take such action with regard thereto as may be required.

It called forth discussion as to the unnecessary delay of vessels occasioned by answering distress calls when it was certain that there were many other vessels in a better position to lend aid.

Article 10 deals with the matter of charges.

Article 11 deals with the matter of Regulations and the holding of Conferences. It reads as follows:

1. The provisions of the present Convention are completed by:

1. General regulations which have the same value and go into effect at the same time as the Convention.

2. Supplementary regulations which bind only the governments signatory thereto.

2. The provisions of the present Convention and of the Regulations annexed thereto shall be revised by conferences of Plenipotentiaries of the contracting Governments, each conference to fix for itself the place and the time of the following meeting.

3. Before all deliberations each conference shall establish Internal Regulations setting forth the conditions under which debate will be organized and carried on.

Article 12 (Deleted).

Article 12 (bis) provides that the contracting governments may make special arrangements concerning communication services which are not of interest to the other contracting parties as long as the Convention and Regulations are complied with.

Article 12 (ter) which was introduced by Great Britain [28] reads as follows:

Each government reserves the right to suspend international radio communication service for an indefinite period if it deem it necessary, either generally or only for certain

[28] A similar article was introduced in the St. Petersburg Telegraph Convention of 1875 by the British. No abuse of the privileges granted by this article seems to have taken place.

connections or for other certain types of radio communication provided that government immediately advises each of the other contracting governments through the intermediary of the International Bureau of the Telegraph Union.

The above article was put forward at the very last meeting of the Convention Committee. Great Britain stated that she was willing to insert the words " during war or events leading up to war " as a qualifying phrase in the beginning of this Article in answer to questions concerning the suspension of communication services during such disturbances as general strikes or times of trouble with depreciated currencies. Japan objected to the appearance of such a word as " war " in a document such as this, and the matter was dropped.

Article 13 deals with the functions and expenses of the Radiotelegraph Section of the International Bureau of the Telegraph Union. By Article 13 the United States sought to make it clear that the International Bureau at Berne, Switzerland, should act only as a clearing house of information and should not act in any way as a tribunal.

Article 13 (bis) dealt with the International Technical Consulting Committee and was opposed by the United States. We were supported at first only by Mexico and one or two others. Later, however, when the question of votes was dropped Great Britain held that the Committee could not work usefully and supported the United States. In the only roll call of the Conference, the Technical Committee was estab-

lished in Plenary Session by a vote of thirty-two to twenty-six. Germany's newly acquired six votes deciding the issue in favor of the Committee. Mr. Hofker, head of the Dutch delegation, invited the Committee to meet at the Hague and this invitation was accepted.

Article 14 deals with the relationship with stations of nonadhering countries.

Article 15 was deleted.

Article 16 deals with the method of adherence to the convention. It was not of particular interest to the United States, as we were more interested in the substance of the Convention than in the various forms connected with it.

Article 17 was deleted.

Article 18 provides for compulsory arbitration, and Article 19 was deleted.

Article 20 deals with the exchange of radio laws.

Article 21 deals with the reservation of nonregulated stations. It was amended to meet the views of the United States. Our Delegate stated that we wanted to make it clear that all our naval and military operators are not bound down by unnecessary restrictions, for instance in the matter of special licenses.

In Article 22 the effect, duration and the method of the denunciation of the Convention are dealt with. On the request of the International Bureau for more time to complete its work in regard to this Conference the date on which the Convention was to go into

effect was changed from July 1, 1928, to January 1, 1929.

Article 23 deals with the matter of ratification. The United States as host of the Conference will act as trustee of the affairs of the Radio Telegraph Union until the next Radio Conference convenes.

This completes the sketch of the Convention proper. Among some of the outstanding accomplishments which found expression in the Regulations appended to the Convention was the allocation of frequencies among the different international services. Mr. Hoover made the following statement in regard to this, in his speech at the close of the session: " In realization of the limited number of channels or wave lengths for communication you will recollect that at one time it was proposed that the use of these channels through the ether should be divided among the different countries of the world. That would have been equal to an assignment of different lanes across the seas upon which the vessels of a particular nationality should travel exclusively. It soon became apparent that this solution would lead only to greater confusion, to international jealousies and to injustice. This Conference has found a basic solution by dividing the channels into groups, each being used for a particular variety in communication. To pursue the analogy further, the solution which all have happily agreed upon is that lanes are established across the sea which are devoted to specific types of service, all nations being

free to engage in that special form of traffic upon these particular lanes."

Owing to the lack of precision of the term " wave length " the conference has adopted as a major designation the " kilocycle." And in these terms the channels from ten to one hundred kilocycles have been set apart chiefly for long distance transoceanic service; the channels from one hundred to five hundred kilocycles have been set aside primarily for ship to shore and aircraft service; the channels from five hundred to fifteen hundred kilocycles have been set aside for broadcasting; the very great number of channels from fifteen hundred to six thousand kilocycles have been apportioned into forty different bands and divided between four or five varieties of service, including the amateurs.

The owner of every receiving set will be glad to know that the broadcasting band has been clarified for the whole world, also that after twelve months after the adoption of this Convention no more spark sets, whose interference is known to broadcasting listeners, are to be installed in the world.

The Conference also dealt with the matter of aircraft regulations in connection with radio, with the question of Safety of Life at Sea and the use of radio beacons and other devices.

The conclusions of the conference avoided oppressive restrictions, yet made for order in the field of communication. Nations are left free to determine

all questions which do not cause international interference. Although this was a technical conference dealing chiefly with physical facts, still there were many problems arising in the conference that might have involved disputes in international relationships, which is probably what Mr. Herbert Hoover had in mind in making his closing remarks, at which time he said, " I wish again to emphasize the fact that eighty different governments have been able to come to unanimous conclusions upon a most difficult question. It sets another milestone in the progress of international relations."

CHAPTER II

South America

South America is the first of the fields of International activity which we shall consider. Its western coast borders the Pacific. It has been a region of peculiar interest to us ever since the declaration of the Monroe Doctrine over a hundred years ago. Furthermore it is the one field where a purely American cable company has been contending with bitter odds against intrenched monopolies over a long period of years. The South American field has witnessed the triumph of American radio interests which hold the predominant position in the consortium which in turn controls the radio situation over the greater and most important share of that continent. As an arrangement somewhat similar to the one in force in South America was at one time projected by the Radio Corporation of America for China, we can apply the lesson learned in this field in judging the applicability of the scheme to China, although it should be said here that the Radio Corporation of America has been striving unsuccessfully for several years to gain entrance into monopoly-ridden and prejudice-bound China.

That the struggle in South America has been of long standing may be seen from a letter written March 30, 1868, by Mr. Seward, then Secretary of

State to James Watson Webb, Rio de Janeiro, which reads as follows:[1]

I herewith inclose to you a copy of a communication addressed to this department by James A. Scrymser, Esq., projector and director of the International Ocean Telegraph Co., desiring to obtain aid and authority from the Brazilian Government to extend the lines of his company over the West India Islands to a convenient point on the coast of Brazil.

You are instructed to give such assistance as may be in your power toward affecting the accomplishment of the object in view.

I am, sir, your most obedient servant,
W. H. SEWARD.

In spite of this American diplomatic support, a British company, the Western Telegraph Co. (Ltd.) and some of its subsidiaries secured on April 26, 1873, a Brazilian monopoly for submarine telegraphic communications between Rio de Janeiro, Bahia, Pernambuco, Ceara, Maranhao, Para, Santos, Sao Paulo, Florianopolis and Rio Grande do Sul to run for thirty years[2] or until April 26, 1933. Besides the cable laid in accordance with this monopoly the Western Telegraph Co. has an extension of its system northward to Europe and southward to Montevidio. Subsidiaries of this British company run to Buenos Aires and Valparaiso, Chile. From this lat-

[1] Cable Landing Licenses, 54. Mr. James A. Scrymser later (1878) organized the Mexican Telegraph and Central and South American cable companies now combined and known as the All-America Cables.

[2] Ibid., p. 71, gives a translation of the complete text of the Brazilian Port-to-Port monopoly.

ter point they extend down to Talcahuano and northward as far as Lima in Peru.

From June 30, 1893, to June 30, 1913, the Western Telegraph Company had a monopoly of cable communication between Brazil and the Republics of Uruguay and Argentina. This Brazilian monopoly did not prevent the Brazilian government from operating its own domestic system of telegraph lines (as most South American governments do) which however have always been operated so inefficiently as to constitute no competition for the British companies.[3]

[3] For a résumé of the Brazilian monopoly from 1868 to 1921 as given by Elihu Root, Jr., see *U. S. Congress House Committee on interstate and foreign commerce.* Hearings on S. 535, a bill to prevent the unauthorized landing of submarine cables in the United States. May 10-13, 1921, 67th Cong., 1st sess., Washington, Govt. print. off., 1921, pp. 112-116.

Elihu Root, Jr., makes the following statement on page 115 of the above reference:

Let me touch for a minute on a more general situation which this affects, and which I think is in the mind of the Executive. The British realize perfectly well that this country has in it the capacity for a great effort in foreign commerce. They remember still the days before the Civil War when we were equal competitors of theirs. Then the Civil War occurred, and through an unfortunate series of incidents with which the British were not entirely unconnected we lost our foreign carrying trade, and we have never been able since, until the out-break of the recent war, to overcome the great advantage which they had by being in possession. We have never been able to overcome the great advantage which they had by being in possession. . . . . The war has now given this country an opportunity which may not occur again for another generation of getting back on the sea and resuming participation in the carrying trade, and the country has made a very great effort to take advantage of that opportunity. . . . .

The British are bound to make every effort to prevent that attempt of ours from succeeding, and they are past masters in the

The activities of American companies did not prevent other nations from laying cables. A French corporation, the Compagnie des Cables Sudamericains, operates a cable from Pernambuco to Dakar, Africa, connecting there with the French government cable from Brest. The Compagnie Francaise des Cables Telegraphiques, another French company, secured a monopoly concession for thirty-five years, from date of February 22, 1890, to operate a cable between Salinas, State of Para, Brazil and the United States. The cable was laid to Haiti connecting there with the United States and Haiti Telegraph and Cable Co. Although this single cable provides a direct cable connection with New York the service is unreliable. However, no improvement of service by means of another direct cable was possible until this monopoly granted by the Brazilian government expired. Probably connections might have been made indirectly with New York through the West Indies.

A German company had a cable between Pernambuco and Monrovia, Liberia, Africa, connecting there

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game of competition at sea. It is not a matter of ships alone. It is a matter of a good consular service, of coaling stations, of branch banks, and it is a matter of communications, and in that latter category the most important element is the cable. They understand that they have got to get to the ports where they trade with their own cables, and I do not blame them. I do not blame their company for making the hardest fight possible to keep the Americans out of the east coast of South America. I have no reproaches; but they are doing it, and there is a death struggle on for the control of the South American communications situation.

by cable with Emden. This cable was demolished when war was declared.

Meanwhile the American companies had been active. In 1878 Mr. Scrymser organized the Mexican Telegraph Company, a New York cable corporation (at present a part of All-America Cables, Inc.) with cables from Galveston, Texas, to Vera Cruz, Mexico City, Tampico and other Mexican cities. From that point on Mr. Scrymser later laid a cable known " as the Central and South American Telegraph Company,[4] across the Isthmus of Tehuantepec to the Western coast, and south to Guatemala, Salvador, Nicaragua and Panama.[5] From Panama it crossed to South America, down the West coast to Colombia, Equador, Peru, stopping at Lima."[6] The British

[4] See Cable Landing Licenses, Addenda, 361-388 and 410-426, for the contracts and agreements of the Mexican Telegraph Company and the Central and South American Telegraph Company (now part of All-America cables) with the various Mexican, Central and South American countries.

[5] The American Magazine, March, 1927, p. 144. "All-America Cables" gives away an excellent little wall map showing the United States, Mexico and all of Central and South America. The lines of the company are shown effectively yet delicately in red. That this map is appreciated is attested by the fact that the author saw it hanging on a large number of walls in the various departmental and other offices in Washington. Cable Landing Licenses, 53, also contains a map showing all the lines of All-America Cables.

[6] Ibid., p. 37. On page 149 of the same we find the statement that "in 1884 the cable rate to Buenos Aires was seven dollars and fifty cents a word." Today it is less than fifty cents. Before the day of the American cables to South America, cables to South America were sent via London just as today because of peculiar conditions it is often quicker and cheaper to send messages from China to New York via London.

claim that the United States has an iron-clad communication monopoly in Mexico at present. It is interesting to note that, for example, British political control in the various regions of the earth seems to coincide almost in direct ratio to the extent of the communication and propaganda monopolies in those same regions.

To take up the latter part of this story in detail, in 1882, Mr. Scrymser organized the Central and South American Telegraph Co. which extended its lines from New York to Panama via Guantanamo, thence down the West Coast of South America to Valparaiso, Chile, via Guayaquil, Ecuador and Callao, Peru, then by the transandine line to Buenos Aires, and finally, after being blocked for twenty years by the British monopoly mentioned above, extended up the east coast of South America to Santos and Rio de Janeiro. Thus we see that the All-America lines are in the form of a vast fish hook of some twenty-five or thirty thousand miles of lines. The fact that in 1927 the company was handling over six thousand messages a day, exclusive of press, testifies to the efficiency of the system.

The history of the struggle of the All-America cables to get into Brazil from Buenos Aires and the final uneconomical means they were forced to employ indicates the nature of the struggle the Radio Corporation of America may be having in obtaining entrance into China today. In 1892, on the completion of

the transandine line between Valparaiso, Chile, and Buenos Aires, The Central and South American Telegraph Company, having obtained the permission of the Argentine government, proposed to extend the company's cables from Buenos Aires to Rio de Janeiro. However, the Brazilian government accepted instead a similar proposal from the British company (the Western Telegraph) giving them a monopoly for twenty years for communications from Brazil to Argentina and Uruguay. As soon as the twenty year monopoly agreement expired, the American companies on January 17, 1914, presented a proposal to the Brazilian government to establish a separate line from Buenos Aires to Rio and another line from Buenos Aires to Santos, the separate lines being necessary because of the inter-port monopoly of the British company in Brazil. The Brazilian government laid the proposal of the American companies before the British companies in accordance with a clause in the Inter-Port monopoly agreement which entitled the British company to exercise, if it chose, its right of " preference under equality of conditions " [7] and build the lines according to terms laid down by the Central. The British company proposed modification and later suggested that the matter be left to arbitration.

As the Brazilian government did not consider the matter a subject for arbitration it granted the con-

[7] Cable Landing Licenses, 71.

cession to the American company, whereupon the British company in September, 1914, brought suit in the Brazilian Federal court against the government. After a protracted controversy the American companies obtained complete right of entrance into Brazil on December 1, 1919.[8] The two lines projected were accordingly laid. As these two lines give access also to Sao Paulo they tap the territory which furnishes over one half the cable business from Brazil to the United States. That the American competition was effective was shown by the immediate cut of the New York-Brazilian rate from eighty-five to sixty-five cents a word.

When it became apparent that the American companies would succeed in entering Brazil, the British company immediately attempted to meet this competition by contracting with the Western Union company. This contract suggested that if the American companies would recognize the British monopoly in Brazil, they in turn would agree to an American monopoly on the West coast. This proposal seemed rather naive in view of the fact that the American company was so strongly entrenched on the West Coast, but the British evidently had it in mind to break into this preserve of the American companies

[8] An account of the eighty-sixth ordinary meeting of the Western Telegraph Company was given in the London Sunday Times of December 21, 1919. (Quoted in Cable Landing Licenses, 59.) This report gives an insight into the financial strength of the company and also gives the British view-point concerning the struggle in South America with the All-America Cable Company.

on the West coast. The attitude of the British lines has been to get what monopolies they could for themselves and break up the monopolies of their rivals. As Mr. Root states,[9] he looks upon monopolies as a bad thing and considers the general agreement arrived at in the Preliminary Washington Communication Conference of 1920 (the report of this conference was not adopted) not to grant new monopolies and to let various existing monopolies run out—most of the British and American cable monopolies do run out in a few years [10]—would be a good thing if made world wide and not confined to South America, the only area where the United States is strong. If we gave up our rights in South America, continues Mr. Root, we would be giving up all our advantages, allowing the British to do as they please also in the rest of the world.

After making this offer to recognize respective spheres of influence in the communication situation in South America the British company threatened to

[9] Cable Landing Licenses, 53.

[10] The Mexican monopoly runs until 1929; that with Salvador, which is one of the least important, runs out in 1933; that with Nicaragua in 1930; that with Ecuador, being the exception, not running out until 1956; that with Peru in 1929. As a British monopoly runs out in China in 1930 we may be able to bring pressure there to prevent or mitigate the monopoly provisions. Britain, however, may and is countering both in Central and South America, in the latter especially in the countries of Peru and Colombia where the British Marconi interests have gained entrance as the author learned at the recent International Radiotelegraph Conference of Washington (1927). Britain again is vulnerable in Brazil where the interport cable monopoly agreement runs out in 1933.

commit a number of injurious actions if the American company refused to accept the offer. As these threats give a clear picture of the procedure involved in the cut-throat competition of communication companies the world over, I shall attempt to describe them. It is impossible to gain even from confidential state papers an accurate picture of what is taking place, for instance, in China today, and we shall probably not know the complete story until time allows the companies to give an account of the struggle in which absolute secrecy is essential to success. Here in South America, however, the story of what took place years ago has been told.

The first threat was to the effect that the Western Union with its blanket of twenty-five thousand offices in the United States would agree to an exclusive traffic arrangement for South America, whereby all messages originating in the Western Union system destined for South America and not specially routed as well as all unrouted European traffic for South America be given to the Western Telegraph Company (British).[11] As the All-America cables has no

[11] U. S. Congress House Committee on interstate and foreign commerce. Cable-landing licenses: Hearings on S. 535, a bill to prevent the unauthorized landing of submarine cables in the United States. May 10-13, 1921. 67th Cong., 1st sess., Washington Govt. print. off., 1921.

On page 169 of the above Mr. Carlton, President of the Western Union, states: "My experience with the British, and I have had a considerable one, is that you have no chance whatever to coerce the British company into giving up their position in Brazil under these circumstances. Why should they? All they have got to do to com-

system of offices throughout the United States for collecting cables this would be a serious blow. The Western Union company justified its share in combining with a foreign cable company in order to damage or even destroy the All-American company with the excuse that Mr. Scrymser, former head of the companies now known as the All-American company, had driven too sharp a bargain with it.

The second threat was an agreement between the Western Union and the Western Telegraph (British)

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plete their Canadian system is to lay twelve hundred miles of cable between Barbados and Bermuda, and as I explained to you on the first day of the hearing, they have their direct Canadian system, which I think in the interest of the United States it is very desirable should not go through. You have no chance whatever. I have been over this subject with them and it is folly to think you can coerce the British into giving up their position in Brazil unless there is some general showdown and all such monopolistic features in South America and Central America are done away with." Again on page 168 of the above, Mr. Carlton states: "There has been a suggestion that the Western Union had some unbiblical connection with something British. The Western Union company is one of the oldest public service companies in America. Of its sixty-five thousand employees over ninety-five per cent are American. As far as I know, all of its stock is held by Americans, although there may be a few shares held otherwise here and there. All of its directors are Americans; all of its executives are Americans. The only British official that we have in our employment is the man who has charge of the Atlantic cable traffic, and we have a Vice-President in London. Of course we have employees down the line who are British and I hope we always will have. They are very satisfactory." The author was interested in noting the smiles which went around the table at a meeting of the American delegation to the International Radiotelegraph Conference of Washington (1927) when the Vice-President of the Western Union stated that the interests of his company would be better represented by the British delegation, therefore he had appointed the British to represent his company at the conference.

companies which provided that in the event that the Central and South America Telegraph company failed to come into the agreement (on British terms), then the Western Union might call on the Western Telegraph company to meet it at the Isthmus of Panama, thereby giving the Western Union access to the Western Telegraph system on the west coast of South America.[12] The threat of a rate war came in a later paragraph. The agreement also provided that the Western Union should lay a cable from Miami,[13] Florida, to Barbados and that the Western

[12] Ibid., p. 121, Mr. Root, Jr., states: "It is clearly indicated by the traffic provision of their contract (between the Western Union and the Western company) that on the collapse of the All-American company it is Sir John Pender (the Harriman of the British cable companies) who will rule the sacrificed lines and not the Western Union. I believe, and perhaps the Executive (State Department) fears, that there may be a loss to the British of the whole American telegraph system in South America. I think that the Executive may be more sensitive about that on account of the general cable situation. Before the war our position in regard to cables generally was better than it is today. The Japanese action in regard to Yap has made worse our system of cable communication with the Pacific. The disruption of the German cables and their diversion to British and French harbors has deprived us of our chief means of access to Europe, except for the lines through Great Britain. If the British company succeeds in breaking down the system in South America, I think it will be true that with the exception of one line across the Pacific and two French lines across the Atlantic, which have been so operated that they are of little value for commercial purposes, we will have no cable line connecting us with any continent which does not either pass through British territory or relay over British lines."

[13] Ibid. The Western Union side of the Miami Cable controversy is presented by an official of the company on pages 7-8 as follows: "The contention (Miami cable landing controversy) arose out of a

company would lay a cable from South America to Barbados to connect at the latter. In the agreement is included " An arrangement for a division of rates

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request made by former Secretary of the Treasury, Mr. McAdoo, who, in 1917, sent for me and said, 'There is a paucity of cable connections with South America. We foresee that after the war that country is going to be one of America's principal markets; we want to get ready for it. The whole east coast of South America, with the exception of Buenos Aires, is without cable connection with the United States. We know that your company is a great comprehensive system throughout the United States, and we want you to extend your system to South America.'

" We promptly sent a representative to South America and made an investigation as to the possibility of a cable landing, and we found this—something that we know, but our knowledge of it was limited to general knowledge—that a British company had gone to Brazil in the early days, and as a reward for their enterprise the Brazilian government said, 'We will give you an exclusive right to connect up such coastal points as you may select and to handle the intercoastal business. We will not say that no other cable company may come to Brazil, and they may go to any one point where you are established, and they may connect with any points where you are not connected; but they may not connect up with the points where you are established.'

" We chose to go to Rio, and we were to go to other points where they were not established, but you must understand that the Western Co. had the principal points.

" Mr. Carlton states that war conditions had doubled the cost of the cable over the original plans meaning an expenditure of $15,000,000. As this was a great deal of money the Western Union decided to merely connect up with the Brazilian monopoly. Certain political considerations helped in the formation of this decision. One of these considerations was the possibility that the British might carry out an old plan of theirs to connect Brazil with Canada via Barbados and Bermuda. If the British had gone through with this plan it would have deprived the Western Union of a great deal of business.

" Therefore Mr. Carlton states that they filed their application to connect with the Brazilian monopoly with the War Department which approved it, whence it passed on to the State Department.

and for interchange of traffic, and for the fixing of rates as may be necessary to meet competition, etc." [14]

The purpose of the laying of the Brazil-Barbados [15]-Miami cable was to give Great Britain a monopoly on the east coast of South America as this direct British-controlled cable would naturally be able to eliminate, given like conditions, the circuitous route of the All-American company via Valparaiso and Buenos Aires to Brazil. "If the All-America companies refused to this, then the plan was to

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Meantime the cable was ordered and was rapidly deteriorating because it was not laid. Mr. Carlton then stated that it was not until the cable was in the cable laying ship that the active opposition of the State Department was known."

[14] See letter under date of March 20, 1919, from Mr. Newcomb Carlton, President of the Western Union company to Mr. John L. Merrill, President of the Central and South American Telegraph company in Cable Landing Licenses, 66.

[15] An interesting discussion of the relations of the Western Union with the Western Telegraph company as far as the Barbados-Miami cable is concerned is given in the supplement to the Official Gazette, Barbados (British), reproduced in Cable Landing Licenses, 75-83. The discussion is decidedly thorough and intelligent for the legislature of a small island and gives an idea of the practical competition Americans may expect to meet. On page 42 of the same reference Mr. Walter S. Rogers states: "Two or three points stand out. One is in the general discussion running all the way through as to the feeling at least on the part of the men in the Barbados legislature who discussed the question that the Western Union cable was merely supplementary to the British company's cable, and that the only reason the British company itself did not extend directly to the United States was that it believed the United States would refuse to grant the British company a landing license."

break up, if possible, the American cable system throughout the whole continent of South America.'' [16]

In spite of these threats, and with the knowledge of the serious consequences which might follow, the All-America cables with the backing of the State Department [17] refused the British offer to divide South America, considering its action to be in the best interests of American governmental, business, and commercial interests.

All-America Cables asked the United States government to use its power to grant or withhold cable landing licenses, to prevent the landing of the Barbados cable at Miami until the British gave up their inter-port monopoly at Brazil which monopoly forced the American company to lay separate cables from Buenos Aires to Rio and from Buenos Aires to Santos, Brazil, although Rio and Santos were only a short distance apart.

The British company with the aid of the Western Union hoped to lay the cable [18] and then ask permission to leave it as a '' fait accompli.'' However they forgot they were not dealing with weaker nations

[16] Cable Landing Licenses, 86.

[17] Perhaps the fact that the Western Union Company collected " for department messages twice the rate it collects from a foreign government; for example, the British Government, and it has served notice that it will not carry messages of the Government of the United States unless they are paid for in cash in advance at the time of delivery " piqued the government in making its decision. The above is a statement by the Hon. Norman H. Davis, Assistant Secretary of State in Cable Landing Licenses, 304.

[18] Cable Landing Licenses, 104-107. See also Note 13.

and were painfully surprised to find an American cruiser consigned to watch the movements of the cable laying ship on its way to Barbados and American marines guarding the causeway at Miami, Florida, to prevent the laying of the shore end of the Barbados-Miami cable.

Balked in this attempt to present a "fait accompli," the Western Union, backed by the British company, attacked through injunction [19] in the Supreme Court of the District of Columbia the long assumed right of [20] the Department of State to issue cable landing licenses. Thereupon a bill was considered and passed in the Third Session of the Sixty-Sixth Congress (S4301, Cable Landing Licenses) to prevent the unauthorized landing of submarine cables in the United States and confirming this long assumed right of the executive,[21] through the Department of State, to prevent the landing of a cable without a license.

An optimistic account of the activities of the All-America cables is given in an interview granted by John L. Merrill, president of All-America Cables, Inc., and printed in the American Magazine for March, 1927. Over four million messages a year, exclusive of press, pass over the company's wires. The

[19] Ibid., pp. 152-171, also 218-235.

[20] Ibid., pp. 12, 244, 250, 257, also Addenda, 426.

[21] John Bassett Moore, Digest of International Law, II, 452, gives the opinions of the Attorneys-General on the matter starting from the year 1872.

company recently reduced its rates ostensibly as a favor to the public, but actually, according to the statement of an official of the Radio Corporation of America, to meet the competition of his company.

This brings us to the recent and highly successful entrance of American radio companies into the South-American field.[22] In the Caribbean area we find the United Fruit company, a subsidiary of the Radio Corporation of America, strongly intrenched with a number of low power radio stations.[23]

Going on to South America proper, we find that the first plan [24] with regard to the radiotelegraphic situation in that continent suggested the transfer of the patent rights of the British Marconi Company and the Radio Corporation of America to a company to be called the Radio Corporation of South America. The Radio Corporation of South America was to

[22] There is room for more and better services with South America especially as regards press. It seems impossible, however, for private companies to compete with government systems which realize the political importance of press material to such an extent that press is laid down in various portions of the world practically free of charge. Cable *Landing Licenses,* although government documents are supposed to be dry reading, contains page after page of fascinating material describing the Press situation in South America and other parts of the world, as do many others of the three or four dozen compendious government hearings which deal more particularly with the subject of electrical communications in their international aspects. George Abel Schreiner, for years a newspaper correspondent, naturally develops this view-point in his book on Cables and Wireless, 1924.

[23] First Annual Report of the Radio Corporation of America for the year 1920 (dated April 13, 1921), p. 3.

[24] Cable Landing Licenses, 343.

contract with the Radio Corporation of North America for traffic between the two Americas and was to have a second contract with the British Marconi company for traffic between South America and the British dominions.

The capital of the new corporation was to be furnished equally by the American and British companies but of the seven directors of the new company, five were to be named by the Radio Corporation of America and two by the British Marconi Company. The construction, management, and operation of the South American stations was to be controlled by the majority of the board of directors. Land was acquired and a concession obtained for the proposed Argentine station which was to communicate with North America and the British dominions. Plans were delayed by the land conditions and the high static in the equatorial regions which prevented the use of the customary apparatus.[25]

[25] Little things affect the destinies of nations. The recently developed short waves seem to work best in the tropics which is the converse of the long waves. It takes only one fifth of a kilowatt to send intelligible messages from London to Japan whereas a good many of the long wave stations require up to a thousand kilowatts which means tremendous expense. According to some of our experts with whom I spoke at the recent International Radiotelegraph Conference the principles involved in the use of spark sets (Spark sets for sending messages are to be abolished in the future because of the interference they cause in sending messages) have not been developed and tremendous new discoveries may await us in that field, although the tendency has been to sneer at the use of spark apparatus just as the tendency was away from short waves until very recently. See the article by Marconi in the Saturday Evening Post for December 3, 1927, on "Where is Radio Going." . . . .

Plans were also delayed by the British Marconi Company which desired an equal number of directors. After long negotiations in Europe and America, it was agreed that the contract might be changed to provide for a board of nine directors, five American and four British, the operation and control of the stations to remain in American hands although the British were to contribute one half of the capital for the new company.

Because a very expensive station was required in the Argentine the American company desired to include the French and German companies to prevent wasteful duplication.[26] The French Marconi company was controlled by French capital but the British Marconi Company had a forty percent[27] investment therein and also a ten percent voting interest. The German wireless interests were the only other concern of possible importance in the South American situation.

As the French and German wireless companies were each planning the erection of high power stations in the important countries of South America, which would have meant wasteful duplication in countries where business was meager, and would have produced unnecessary interference, an amalgamation of the various national programs was

[26] The use of a relay station in the Caribbean area was not considered advisable. Besides the Argentine station, the Radio Corporation of South America planned to build a station in Brazil and one or more on the West Coast.

[27] Cable Landing Licenses, 346.

deemed advisable if not necessary. At the same time, the other companies were given to understand by the American company that American influence in South America must be preponderant in accordance with the Monroe Doctrine.[28]

Accordingly, deliberations were conducted in Paris for over two months resulting in an agreement (or rather an agreement and supplementary agreement) signed on October 14, 1921, by the representatives of the Radio Corporation of America, the British Marconi Company, the Compagnie Générale de Télégraphie sans Fil and the Gesellschaft fur Drahtlose Telegraphie m.b.H. which agreement provided for the pooling of the interests of the four companies in South America for the development of communication.

The substance of this A. E. F. G. Consortium agreement is given in a letter from Owen D. Young to James R. Sheffield under date of December 7, 1921, which states that:[29] "All four parties have granted all their external wireless communication rights in

[28] William S. Culbertson, International Economic Policies, 539. Culbertson thinks that this economic interpretation of the Monroe Doctrine might not be accepted by American public opinion. The author thinks, however, that as long as other nations push their advantages to the limit wherever and whenever possible, it seems necessary for us under present conditions to do the same. As pointed out before, political control seems to exist in direct ratio to the control of communications in all parts of the world.

[29] Federal Trade Commission, Report on the Radio Industry (1923), p. 61. Excerpt from letter of Owen D. Young to James R. Sheffield, dated December 7, 1921.

the South American Republics to trustees to be held for the four parties in equal shares. The Radio Corporation of America, in addition to its trustees, names the chairman, who shall be a prominent American, not connected with the Radio Corporation. The chairman may break a tie or veto any action of the majority of the trustees, which in his opinion is unfair to the minority of the trustees, so that no effective action can be taken without American approval, thus carrying the principle of the Monroe doctrine into the field of communications in the Western Hemisphere and giving the Americans effective leadership. It is proposed that under the trusteeship, national companies will be formed in each of the South American countries for the conducting of their international communication service. Each station so erected is to be under the direct control of an operating committee, one representing the British, one representing the French, one representing the Germans, and one representing the Americans. The purpose of this operating committee is to insure against discrimination between the nationals in the freedom of communication. Acting under this program, a station is now being erected in the Argentine and a concession has been obtained and financial commitments made in Brazil."

The annual report of the Radio Corporation of America for the year 1921 (p. 5) states by way of summary and addition that " All four parties grant

all their external wireless communication rights in the South American Republics to trustees to be held for the four parties in equal shares. The trustees are nine in number, two being appointed by your corporation, two by the British, two by the French and two by the Germans, and an additional one has been designated as chairman by your corporation. The person who has been so designated is Mr. Thomas Nelson Perkins, a prominent American not connected with your corporation. . . . .

"The South-American Radio Corporation has been kept in existence, all of its stock now being owned by your corporation, and it will foster the rights which your corporation has in South America and which are not within the scope of the trusteeship, namely the development of continental and internal radio communications and the merchandising of amateur, experimental and commercial apparatus."

As this Consortium [30] (established by the principal agreement) between the wireless corporations of four nations is the most important international event in the radio history of South America and also more or less a precedent for all radio agreements into which the United States may enter in the future, it would be well to discuss it further.

[30] Another account of this Consortium is given in, To Regulate Radio Communication. Hearings before the Committee on the Merchant Marine and Fisheries, House of Representatives, 69th Cong., 1st Session; on H. R. 5589. January 6, 7, 14 and 15, 1926. (H E 8670 U6 A4 1926b.)

Also, as an arrangement similar to the one in South America was suggested by Mr. Owen D. Young at one time for China, a study of the Consortium in South America will give us something of an idea what to expect in China where communication conditions are at present as chaotic as everything else in that country. In the chapter on China I will try to show why an arrangement applicable to South America where the Monroe doctrine applies at least politically is not exactly applicable to China where we have found it to our best interests to apply the principle of the Open Door.

We will first get a bird's-eye view of the agreement before examining all the details. The most important provisions of the agreement are as follows: [31]

1. All concessions owned or acquired by the four parties up to September 1, 1945, in the South America Republics relating to or applicable to communication to points outside of South America, but not including ship-to-shore traffic, are assigned to the trustees.

2. Exclusive divisible and transferable licenses to use (but not to make or sell) apparatus, devices, and systems under all patent rights now owned or to be acquired by the four parties.

3. Each of the parties covenants with each of the others and the trustees that it will not directly or indirectly engage in the business of radio communication in the South American Republics, except through the subsidiary companies provided for or the trustees.

[31] Federal Trade Commission, Report on the Radio Industry, 58.

4. All companies associated with or which may be hereafter formed or acquired by the four concerns are to be bound by the agreement.

5. It shall be the endeavor of the trustees to divide the total traffic between the four parties equally.

6. The formation of subsidiary companies (to be known as the national companies) for the purpose of conducting the communication business in the Argentine and Brazil.

The second agreement between these four parties entered into on the same day as the first agreement, and which is supplementary thereto, relates principally to the transfer of the rights of the various parties involved in South American countries to the trustees. The important provisions of this agreement are as follows: [32]

1. The retention of the stock of the Marconi Wireless Telegraph Co. of the River Plate, which is the property of the British company, the Pan-American Wireless Telegraph and Telephone Co., which is owned by the American company, the French Argentine company, and the Trans Radio Argentina, owned by the German company, only until such time as their patent rights and concessions in the South American fields have been transferred to the trustees.

2. The organization of the Argentine National Co., which shall take over the stock of the Trans Radio Argentina, the German concern, and a division of the stock of the new company so that the share of all four companies shall be equal.

3. The reorganization of the Companhia Radio Telegraphica Brazileira, which is to be known as the Brazilian National Co., whose stock is to be held equally by the four companies.

[32] Ibid., p. 58.

4. Concessions for communication from and to Venezuela and transferred by the French and British companies subject to the rights of the Compagnie Francaise des Cables Télégraphiques.

5. Provisions for purchase of the British station at Bogota, Columbia, and the German station at Cartegena, Columbia, subject to the rights granted the United Fruit Co. in Columbia by the Radio Corporation.

6. Provisions for an enlargement of territory which would include the Central American countries but would except European possessions, Cuba, Porto Rico, and other possessions of the United States.

7. The trustees are given power to make agreements with the United Fruit Co. [subsidiary of the Radio Corporation of America.] regarding the exchange of traffic and also, if necessary, for the exchange of patent rights held by the trustees. . . . .

We find the complete text of these license and traffic agreements between the four companies covering eighteen pages of fine print in the Appendix of the Federal Trade Commission's Report on the Radio Industry, 312-329. In the definitions in these pages we find that the term " South American Republics " includes all independent states of the South America continent south of the southern boundary of Panama, together with their colonies, dependencies, possessions and islands (if any).

The two American trustees appointed to the Consortiem are Messrs. Owen D. Young (Chairman of the board of trustees of the Radio Corporation of America) and Edward Julian Nally (President of

the Radio Corporation of America at that time). Trustees may be removed and appointed at any time by each company. The chairman or any three trustees may summon a meeting of the board, giving thirty days notice, proof of delivery of notice to be furnished. Meetings were to be held in rotation at Paris, Berlin, London and New York in the order named, as the usual thing. A meeting could be held without the chairman if all the trustees concurred. The four companies were to share all expenses of the chairman and reasonable expenses (except actual travel and salary) of the trustees.

The voting arrangements of the trustees are exceedingly complicated, involving the weighting of the votes for every possible combination of trustees votes. If the other trustee of one of the parties be absent, the one trustee present may cast the same proportion of votes as might be cast if both trustees were present. The chairman has only the casting vote with which he alone can break a tie. The chairman has absolute veto power to be used at his own discretion.

The official seat and the agent of the trustees were to be chosen by them and litigation was to be transmitted to the legal tribunal of the country of the seat of administration, but the original agreement was to be construed according to the laws of England and the trust they thereby created was to be administered in accordance with such laws relating to the admin-

istration of trusts in general, insofar as the laws existing at the seat of the trust would permit. The trustees could by a majority vote at any time change the location of the said seat of administration of the trust, but the selection of a new location for the seat would have to be unanimous or in case of difference the chairman was to determine the new locality. Each of the four parties was to pay one-fourth of the remuneration and expenses of the agent.

The trust constituted by the agreement was not to continue beyond the life of all the sons (living at the time of the agreement) of the eight trustees named in Clause 1 of the agreement and twenty-one years thereafter, but in any event it was to terminate on the twenty-sixth day of February, one thousand nine hundred and forty-five, and the trustees were upon the termination of the trust, to distribute the trust property equally among the four parties concerned. In the second or supplemental agreement we find a paragraph concerning the possible extension of the period of principal agreement which reads as follows: [33]

> Unless on or before the twenty-sixth day of February one thousand nine hundred and forty-three the parties hereto have agreed to extend the period named in the Principal Agreement from the twenty-sixth day of February one thousand nine hundred and forty-five to a later date any party hereto may at any time after the twenty-sixth day of February one thousand nine hundred and forty-three take any action

[33] Ibid., p. 327.

it may deem necessary to protect its interests and such action shall not be deemed to be a breach of the Principal Agreement *Provided however* that none of the parties hereto shall directly or indirectly enter into or carry on the business of external communication or interfere with or impede current business of the trustees and the national companies.

It is the duty of the trustees to form and control National companies in such of the Republics of South America as may seem desirable. The president of the national company shall be a citizen of the country in which the company is organized as may the General Manager although the latter must have the proper experience. In case of absolute *necessity* the messages may be routed by cable or through stations not belonging to any of the four parties. The apparatus and material shall be purchased with regard to quality rather than price or delivery, and national trade marks indicating the source of manufacture shall not be used. Next are discussed two plans for the organization of the Argentine National Company; a preferred plan, and an alternative plan, both plans going into considerable minutiae of detail. The rest of the agreement deals with material already covered or else it is not germane to our subject.

The annual report of the Radio Corporation of America (R. C. A.) for the year 1922 (p. 6) tells of the enlargement, as projected, of the field of the Trusteeship to include Central America. All rights except sales to governments and the merchant marine were granted to the trustees.

By 1923 [34] substantial progress had been made in carrying out the provisions of the Consortium agreements. The station at Monte Grande, near Buenos Aires, Argentine, representing an investment of six million dollars, was nearly ready for commercial radio communication. In Brazil, one super-power and two high-power stations were projected. In Colombia, the British station at Bogota was taken over by the trustees and used for communication.

The annual report of the R. C. A. for 1924 (p. 4) states that the new service to Argentine has been inaugurated and that stations were being constructed at Rio de Janeiro and Pernambuco, Brazil.

In 1925 [35] the A. E. F. G. South American Consortium meeting was held in June in the city of Berlin. The report tells also of the practical completion of the Brazilian stations and the tentative installation of a short wave station near Santiago, Chile.

The next annual report [36] states that direct radio services were opened with Brazil on May 3, 1926, and that additional circuits to Chile and Colombia are projected for the near future.

[34] Annual report of the R. C. A. for 1923.
[35] Ibid. for 1925.
[36] Ibid. for 1926.

CHAPTER III

China [1]

Today the greatest interest in the international aspects of electrical communications in the Pacific area, if not in the world, focalizes in chaotic China, where, at the present time, the situation is far from satisfactory to American communication interests.

The first hint that we get of American policy in China is in Article 15 of the American Chinese treaty of 1844 [2], which states that American citizens are not to be restricted in their business in China by monopolies. Here we get the first suggestion of our Open Door policy, to which we have found it to our interest to adhere throughout all the succeeding

[1] Although the author covers much of the same ground as does Professor W. W. Willoughby in his monumental work on Foreign Rights and Interests in China, II (2d ed., 1927), in the chapter on Wireless, Cables and Telegraphs, nevertheless it was thought best to include this chapter in the author's dissertation in order to have a well rounded treatment of the subject.

[2] The Maritime Customs, Treaties, Conventions, etc., between China and Foreign States (two volumes, 2d ed., Shanghai, 1917, cited Customs Treaties), I, 682 (2d ed.), gives Article 15 of the Treaty as follows: "The former limitation of the trade of Foreign Nations to certain persons appointed at Canton by the Government, and commonly called hong merchants, having been abolished, citizens of the United States engaged in the purchase or sale of goods of import or export are admitted to trade with any and all subjects of China without distinction; they shall not be subject to any new limitations nor impeded in their business by monopolies and other injurious restrictions."

years. Article 30 of the Treaty of Tientsin of 1858 [3] introduces us to the idea of the most-favored-nation clause by providing that any rights accruing to nationals of other countries would automatically and immediately be granted to citizens of the United States.[4]

That these ideals of the United States had no effect on the procedure of foreign nations is shown by the fact that in 1871 a British company, The Eastern Extension, Australasia and China Telegraph Company, Limited, laid a cable from Singapore to Hong-Kong. This company, which we shall hereafter call the Eastern, was part of a great system (of which the parent company was the Eastern Cable Company) with cables from England to India and Singapore via Gibraltar, the Red Sea and the Arabian Sea, and thence from Singapore several cables ran to Australia and New Zealand. Other arms of this octopus ran down the west coast of Africa, thence part way up the east coast, crossing to Australia and New Zealand through the Indian Ocean.

[3] Ibid., p. 726, gives Article 30 as follows: "The contracting parties hereby agree that should at any time the Ta-Tsing Empire [China] grant to any nation or the merchants or citizens of any nation, any right, privilege, or favor connected either with navigation, commerce, political or other intercourse which is not conferred by this treaty, such right, privilege, and favor shall at once freely enure to the benefit of the United States, its public officers, merchants and citizens."

[4] Ibid., p. 775 and p. 821, which gives Article 9 of the French-Chinese treaty of 1844 and Article 14 of the French-Chinese treaty of 1858, both of which are of interest in connection with the subject matter of this paragraph.

At the same time the Great Northern Telegraph Company, Limited,[5] a Danish company, with cables in the Baltic Sea and a line across Russia, gained access through Northern China and started building an extensive network of cables in the China seas, connecting Vladivostok, Nagasaki, Shanghai, Amoy and Hong Kong. In a few years an understanding (which I shall describe later) between these two large companies with their tremendous assets and power, bottled up the communication situation in China.

This commanding position in the communication situation in China, moreover, was built up without legal permission on the part of the Chinese, "the nearest approach to an authorization being a general letter by Mr. Anson Burlingame, written while he was in Europe at the head of a Chinese Mission."[6]

These sudden developments were watched anxiously by our government, and in 1874 when Den-

[5] The lines of this company are the only completed portion of a grandiose project of the time to connect Europe with the United States by a land line across Siberia, a short cable across Bering Strait thence an overland line to the United States. As soon as longer cables proved successful this project had to be abandoned because of expense and climatic conditions. See U. S. For. Rels., 1867-8, Part 1, pp. 375-8. For an interesting account of the expedition in connection with the project, see George Kennan, Tent Life in Siberia. The Russian Czar had large interests in the line across Russia.

[6] See Memorandum prepared by Mr. Walter S. Rogers for the Conference on American Relations with China, held at the Johns Hopkins University, in Baltimore, Md., U. S. A., in September, 1925, and published in the Report of that Conference (Johns Hopkins Press, 1925).

mark desired a guarantee of protection for her cable interests from the various treaty powers, our Secretary of State in a letter to the American minister stated that while our government desired to cooperate to maintain suitable conditions in China "a monopoly or exclusive grant is not to be desired."[7]

Foreign Relations of the United States, 1881-1882, gives in a series of letters an interesting account of the attempt of the Great Northern Telegraph Company to establish a monopoly in China and the American protests against the same. The first is a letter, dated January 10, from Mr. Angell, Minister at Peking, to Mr. Evarts[8] stating that he

[7] Foreign Relations of the United States, 1875-76, I, p. 274. A letter of Mr. Fish to Mr. Avery states: "While concurring, therefore, in the desire to afford assistance toward the protection and encouragement of telegraphic enterprises in China, I am of opinion that general advantages and general protection should be kept in view, and that a monopoly or exclusive grant is not to be desired."

The reason why the United States was so interested in monopolies in China may perhaps be seen from a statement in the Annual message of President Hayes which reads: "In this connection I desire also to suggest the very great service which might be expected in enlarging and facilitating our commerce on the Pacific Ocean were a transmarine cable laid from San Francisco to the Sandwich Islands [Hawaii] and thence to Japan at the north and Australia at the south. The great influence of such means of communication on these routes of navigation in developing and securing the due share of our Pacific coast in the commerce of the world needs no illustration or enforcement. It may be that such an enterprise, useful in the end profitable as it would prove to private investment, may need to be accelerated by prudent legislation by Congress in its aid, and I submit the matter to your careful Consideration." Foreign Relations, 1880-81, p. 15, or Message and Documents, Department of State, 1880-81.

[8] Foreign Relations of the United States, 1881-1882, p. 224.

has unofficial information that the Great Northern has a contract to construct a line from Shanghai to Tientsin and Peking. He states that nothing but the military advantages to be gained by such a line has led the government to give its consent through the person of the viceroy. The conservatives opposed the project.

Mr. Angell wrote again to Mr. Blaine on June 20 stating that the Chinese government guarantees to the Great Northern for twenty years an exclusive monopoly (excluding the Eastern also at this time) to construct and use submarine telegraph cables throughout the Chinese empire. Our minister called the attention of the Chinese minister of foreign affairs to the objectionable features of this agreement and the latter promised to confer with the Chinese vicerory about the matter. The compensation for this monopoly was the privilege given to the Chinese government of transmitting free of charge its messages to and from its diplomatic representatives and consuls-general abroad. The American minister, Mr. Angell, pointed out that if there were only one monopoly line, in time of war an enemy might destroy it and prevent all communication. He also stated that about 1866 " this (Chinese) government gave to Mr. Burlingame permission for Americans to lay a cable from Canton to Tientsin. You can hardly be less generous now than you were then."

Other letters [9] between Mr. Angell and Mr. Blaine told of the viceroy's somewhat obscure answer to Mr. Angell's inquiry and the latter's restatement of his objections. In the still later letter of August 18,[10] Mr. Angell states that the best answer that the viceroy gives us is that an arrangement can be made for an American line.

Our State Department in letters dated August 26 [11] and September 10 [12] backed the American minister stating that the monopoly of the Great Northern would be prejudicial alike to the interests of China and the United States.

In the letter of Mr. Blaine to Mr. Holcombe on December 10, he states that the United States would view in an unfriendly light any act which precluded our people from an equal share with other people in such an enterprise.

In Foreign Relations for the year 1883 [13] in a letter of Mr. Young to Mr. Frelinghuysen, the American minister tells of an attempt on the part of the American, English, French and German ministers to gain permission for an English concern (Russell and Company) to lay a cable from Shanghai to Hong Kong in the interests of better service, a request

[9] Ibid., p. 279.
[10] Ibid., p. 292.
[11] Ibid., p. 295.
[12] Ibid., p. 299.
[13] Foreign Relations of the United States, 1883, pp. 142-151. The subject of monopolies came up again in 1887 and 1889. See China Dispatches, 1887, No. 470; 1889, No. 971.

which was refused by the Chinese government because such an attempt would conflict with an exclusive right by the Great Northern Telegraph Company and would contrevene precedents by the great western powers in other countries in such matters.

On December 1, 1888, a convention was signed at Chefoo between China and France for the establishment of telegraph lines from Tonkin in French Indo-China to Chinese territory.[14] This convention, as well as the two following, dealt with the connection of terminal telegraph facilities and do not affect the broad monopolistic conventions later entered into by various companies and powers.

Hertslet gives the text of the Convention [15] signed at Tientsin in August 1892 between Russia and China respecting the junction of the Russian land telegraph lines with the Chinese telegraph lines.

Hertslet, again,[16] gives the Convention of 1894 and its 1905 revision regarding the junction of Chinese and Burmese telegraph lines on the Burma-Yunnan line between Bhamo-Tengyueh (Momein). One provision states that "The charges established for telegrams exchanged between China on the one side, and Burma, India, and Ceylon on the other side, are solely for correspondence actually exchanged be-

[14] Sir E. Hertslet, Treaties between Great Britain and China and Foreign Powers. (3d ed., 2 volumes, revised, London, 1908. *Cited as Hertslet.*) 3d ed., I, 317.

[15] Ibid., p. 502.

[16] Ibid., p. 195. The 1905 revision, but not the original 1894 convention is in MacMurray, I, 498. See following note.

tween China between the named neighboring countries, and the Chinese European and American correspondence cannot be re-telegraphed at these rates by private agencies or persons at intermediate stations.'' Another provision allows for reciprocal lowering of the tariffs in the future.

Following an ebb came a flood tide of feverish world-wide activity in the closing years of the century which had its repercussions in the field of electrical communications.

What is known as the famous '' Joint Purse '' [17] agreement was a convention entered into on July 11, 1896, by Denmark (Great Northern Telegraph Company), Great Britain (Eastern Extension, Australasia and China Telegraph Company, Limited) and China which was a convention for regulating the relations between the Chinese Telegraph Admin-

[17] J. V. A. MacMurray, Treaties and Agreements with or concerning China, 1894-1919. (Two Volumes, The Carnegie Endowment for International Peace, Washington, D. C., 1919. Cited *MacMurray*), 59. This agreement is also found in Hertslet, 1140, also in Recueil, 183. MacMurray, 67, says: "The situation of the Chinese Telegraph Administration in relation to the several cable companies is somewhat obscure by reason of the fact that some of the more important agreements have not been made public. It is understood that, by agreements of 1904 and 1905, the Commercial Pacific and German-Dutch Cable Companies were admitted to participation with the Eastern Extension and Great Northern Companies in this interest under the joint purse agreement provided in Article 2 of this Convention; and that further agreements were concluded in 1904, 1911 and 1913, in which provision was made for the modification of the joint purse arrangement, and the term of all telegraph agreements between the Chinese Administration and the Eastern Extension and Great Northern Companies was extended to December 31st, 1930."

istration and the companies. Here we have the ripening of the understanding between these two powerful companies which affected what was for all purposes an iron-clad monopoly of communications with China. England had already completed preparations to check-mate future American influences in China by these monopoly agreements and came very near monopolizing communications in the Philippines by an agreement secured at Madrid at a very interesting interval of time before we obtained the Islands, which monopoly, as we shall show later, embarrassed our communications policy in the Islands until the eve of the World War.

This joint purse agreement was the first of a series of agreements on the grounds of which the companies involved claim a monopoly over communications between China and foreign countries until December 31, 1930. It provided that the revenue from both cables and the land telegraph lines in China should go "One third to the Administration (China) one third to each of the companies, provided always that each of the Contracting Parties shall bear its own working expenses." The table of charges annexed to this convention was to be "subject to revision by the Contracting parties periodically, and in accordance with the stipulation of the present Convention." Article 14 reads, "Part 1. The present convention cannot be mortgaged, sold or otherwise transferred, wholly or partly; neither can any creditor or others acquire it wholly or partly,

in case of liquidation, compulsory or otherwise. Part 2. Any difference arising between the contracting parties touching the construction of the present convention shall be referred for decision to the governments (or their legations at Peking) which have ratified it."

The convention between Denmark (Great Northern Telegraph Company) and China [18] of May 13, 1897, was concluded " with a view to equalize the total charges by their respective routes in Asia between China and Russia." Chinese government telegrams between China and Russia were to pass at half the ordinary charge. This treaty like the preceding one was to be in force and was to continue until one of the parties had given six months notice. An additional article [19] to this agreement was signed on March 6, 1899, in the following terms:

That in the interest of both parties to the agreement dated the 13th of May 1897, and for the same term of years that is until the 31st of December 1910, no other party will be allowed without the consent of both the said parties to land telegraph cables on the coast of China and islands belonging thereto or to work such cables in connection with the Chinese lines or otherwise to establish telegraphic connection which might create competition with or injure the interests of the existing lines belonging to China or to the Great Northern Telegraph Company of Copenhagen. This shall, however, not prevent the Chinese government from establishing local internal cables where no competition can arise nor from con-

[18] MacMurray, 99.
[19] Ibid., p. 103.

senting to the junction by cable of Port Arthur with the Russian telegraph system for the exchange of limitrophe local traffic, neither shall it prevent the transmission of terminal Formosa traffic over the Foochow-Formosa cable now belonging to Japan whilst other traffic must not be exchanged by this line except with the consent of China and of the Great Northern Telegraph Company of Copenhagen.

The next agreement[20] in this crescendo of agreements which served to obtain for the parties involved the present monopolistic control of communications between China and other countries, was signed October 26, 1900, at the time of the Boxer rebellion, between Denmark (Great Northern Telegraph Company), Great Britain (Eastern Extension, Australasia and China Telegraph Company), and China in regard to the land telegraph lines between Taku and Peking. Article 1 reads:

The companies undertake to use their influence with their respective Governments to obtain from the allies permission for the Administration [Chinese governments] to reerect the land-lines between Taku and Peking and to reopen public stations at Tientsin and Peking, on condition that the companies shall have the absolute control of the working of the above named land-lines, and of the stations at Taku, Tientsin and Peking.

Article 5 reads:

This agreement shall continue in force until the majority of the foreign trade shall have been withdrawn, and peace and the normal state of affairs in the North of China shall

[20] Ibid., p. 268.

have been reestablished, when the Peking and Tientsin stations will be handed over to the Administration for their own management.

In 1900, British cables only went north to Shanghai, messages to Peking passing thence over Chinese land-lines. After the Boxer rebellion, however, the British considered necessary a northern extension of their cables.

Therefore on April 23, 1901, the British government made an agreement [21] with the " Eastern " for a submarine cable between Chefoo and Weihaiwei and Taku " with all possible dispatch " and for the account and at the cost of his Majesty's government. Article 3 of this agreement reads as follows: [22]

[21] MacMurray, 269.

[22] As Mr. Walter S. Rogers says in his Memorandum (See note 6), Article 3 gives the substance of two secret agreements between the Chinese Telegraph Administration and the " Eastern " and " Great Northern " dated August 4 and October 27, 1900, which were made during (August 4) the seige of Peking and its investment (October 27) when the allies were supposed to be acting in good faith and adhering to the policy of the Open Door. It is also a moot question as to what constituted at this time of chaos, the Chinese Telegraph Administration which could accede to such far-reaching agreements not in accordance with past Sino-American policy. To make matters worse, the time of the monopolies was extended another twenty years to December 31, 1930.

In connection with the above-mentioned secret agreements of August 4 and October 27, 1900, is the open agreement of October 16, 1900, between Germany and Great Britain relative to China. This agreement was communicated to the other Powers interested, and especially to Austria-Hungary, France, Italy, Japan, Russia, and the United States of America, who were invited " to accept the principles recorded in it." All of the powers were in favor and the principles

3. And whereas the said negotiations with the Administration resulted in the following basis of Agreements, the terms of which have since been embodied in two formal agreements duly executed between the Administration of the one part and the Great Northern Company and the company of the other part, which agreements bear date respectively the 4th day of August and the 27th day of October, 1900:—

(a) The company and the Great Northern Company are to provide and lay, for Chinese account, a cable between Taku and Shanghai, connecting Chefoo *enroute:* with the right to lay branch cables from Chefoo to Weihaiwei, Port Arthur, and Kiao-chau to meet the requirements of the British, Russian, and German governments. . . . .

(b) All existing Agreements and Concessions between the Administration and the Companies, or either of them, are to be extended, and shall continue in force until the 31st day of December, 1930.

That some Englishmen realized the international reactions likely to be caused by such a blatant extension of monopoly privileges is shown by a statement of Sir Charles Dilke in the British Parliament when the agreement of April 23, 1901, between Great Britain and the " Eastern " came up for discussion

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were most heartily endorsed by the United States in view of its tradition of the Open Door. Article 1 of this agreement reads:

"It is a matter of joint and permanent international interest that the ports on the rivers and littoral of China should remain free and open to trade and to every other legitimate form of economic activity for the nationals of all countries without distinction; and the two governments agree on their part to uphold the same for all Chinese territory as far as they can exercise influence." (MacMurray, 263.)

The above agreement did not seem to have much effect on the secret monopoly agreements of 1900 which were ratified by the British government in 1901.

and approval. He states that "The effect of the agreement would be that the Government were binding themselves to maintain for the two companies concerned—the Eastern Extension and the Great Northern Telegraph Companies—a monopoly in the work of all Chinese submarine lines but the declared policy of the United States Government is to establish direct communication with China, and this agreement would bind the British government to resist that." [23]

However the agreement was ratified by the British government and an additional article [24] (again signed secretly) to the Telegraph Convention of 1896, dated December 22, 1913, or just before the war, reaffirmed the agreements of 1900.

Although the full story will be told in the chapters on the Pacific Cable and the Philippines, it may be well to describe briefly, because of its close relationship with this chapter, the project for a Trans-Pacific cable. In 1880, President Hayes had directed the attention of Congress to the need for a Pacific cable, as had President McKinley in 1899. The latter had in mind the linking up of our newly acquired possessions, Hawaii and the Philippines. Government hearings brought out two plans, one for a government-owned, the other for a government subsidy for a cable. Meanwhile, England had suddenly secured

[23] In memorandum of Walter S. Rogers. See note 6.
[24] MacMurray, 67.

these monopoly agreements in China to prevent American news and influence from having access to China. The " Eastern " had even secured at Madrid, a few months before the outbreak of the Spanish-American War, a monopolistic concession covering the Philippines which took years of litigation to abrogate.

When it became evident to the English cable interests that a cable might be laid which would tend to make American influence predominant in the Far East because of our propinquity, a representative of the Commercial cable interests told the congressional committee involved that a Trans-Pacific cable would be laid without need of subsidy, which plan was accordingly accepted by Congress. The dark gentleman in the wood-pile was not discovered until 1921 when the Cable Landing Licenses Hearings brought to light the testimony that one-half of the stock of the one cable across the Pacific to the Orient (the Commercial Pacific Cable Company which was considered an American company) was owned by the " Eastern " and an additional one-fourth by the " Great Northern." In the light of these circumstances we can understand how it was possible for agreements to be made in 1904 between the Commercial Pacific, the " Eastern " and the " Great Northern " cable companies. It also makes it easy to understand why rates are so high and the service so poor across the Pacific, that press messages were

often sent from China to the United States and vice-versa via London.

That the long attempted entrance of the Radio Corporation of America or some other American company into China would be a splendid thing for the United States in these critical times may be surmised from an article in the May, 1927 number of Asia [25] which declares "Regular press rates on dispatches from Shanghai to New York vary at present from 35-39c a word, U. S. currency.—The high press rate is largely responsible for the scrappy information that the average American newspaper gives its readers on the subject of China. If something internationally interesting happens in Europe the low press rate of about five or six cents a word enables a correspondent to send a full dispatch.—It is to be hoped that the rate between China and San Francisco may be lowered to, say ten cents a word—a not unreasonable sum in view of the ten cent rate from New York to Buenos Aires."

One way to get a cheap press rate to China is to create competition and as it would be too expensive for one thing to duplicate cables in a good many parts of the world even if other nations would allow us to do so, one hope for access to China lies in wireless. Great Britain adapted herself quickly to the

[25] J. B. Powell, The American Correspondent in China. The author noticed in his various residences and travels abroad that the American news one reads abroad deals usually with murders, lynchings, etc. Perhaps low press rates would help to create a truer picture of American life.

new situation created by wireless and claims (and so far has been able through natural and artificial force of circumstances to maintain her claim) that her cable monopolies also apply to the field of wireless.

The World War gave a tremendous impetus to wireless as well as her sister science aviation and the spot-light in China now turns on the wireless agreements.

That Japan was looking after her own interests while the West was engrossed on the battle-front, is apparent in an agreement made between Japan (Mitsui Bussan Kaisha, Ltd.) and China, signed Feb. 21, 1918, which agreement was a contract for a loan for the "Establishment of Wireless Telegraph Stations."[26] Article 2 of this agreement states that "The contractor agrees to construct for the government a great radiotelegraphic station with transmitting power and special receiving apparatus capable of direct radiotelegraphic communication with Japan, America and Europe."

The money needed for this station (£536,267) together with all appurtenances was to be raised by the Japanese company and was to be repaid by China in thirty annual installments; the Japanese company guaranteeing "that payments can be made from the balance after deducting first from the revenues of the said station all expenses in connection

[26] MacMurray, 1519.

with the operation of said station." Meanwhile the company was to have control of the operation of the station for thirty years unless the Chinese government used its privilege of purchasing the station outright by paying all the unpaid installments together with interest to date at eight percent. The Chinese government was to " receive ten percent of the gross receipts derived from the messages;" had " the right to place in the said station officers to supervise all accounts . . . . and to secure the payments;" and was to dispatch students to be trained at government expense. Articles 8 and 12 of this agreement provided:

8. The government, in order that as large a revenue as possible may be obtained from the operation of the said station, shall permit the making of connections with all radiotelegraphic stations outside China and the security of the greatest number of profitable communications (including all communications with ships at sea and in port). The contractor [The Mitsui Company] may not undertake commercial communications with radiotelegraphic stations in China; provided, however, that this shall not apply to those for military use, in accordance with the orders of the military authorities. In the event of war between China and another nation, the said station shall be operated entirely in accordance with the instructions issued by the military authorities.

12. After the expiration of the said thirty-year period, the government [in case it has not already taken over the stations] . . . . regardless of whether the Contractor has been able to repay the capital out of the operation of the said station, shall have the right to take over the said station without paying the contractor any compensation. In this

event it shall give the Contractor notice six months in advance, otherwise the Contractor shall have the right to receive five percent of the gross revenues for the ensuing five years.

An agreement[27] supplementary to the above agreement of February 21, 1918, was signed on the same day between the same parties to effect supplementary regulations, as China chose to use her option of purchase and desired immediate control and operation of the station as soon as it was completed. To raise the necessary funds for the government Article 1 provided:

1. The Contractor shall raise for the government a loan of £536,267. The Contractor shall place the said amount on deposit in Chinese banks; and it shall be applied by the Contractor to the payment of all expenses for the construction of the said station.

The entire capital was to be repaid in thirty annual installments with interest at eight percent. The government, instead of the company, assumed entire responsibility with respect to the receipts. Article 6 of this supplementary agreement reads:

6. In case, after the government has taken over the said station, its operation should lead to any conflict with the existing agreements between the governments and the cable companies, the Contractor shall, upon the request of the Government, take over the operation of the said station, according to the calculations of the government, make connections with other radiotelegraphic stations which will not interfere with the business of the cable companies, and itself

[27] MacMurray, 1521.

assume the duty of its operation. In case the Contractor fails to fulfill this duty, payments thence forth to the Contractor shall be suspended until this duty is fulfilled.

In a first supplement to this Supplementary Agreement [28] the Mitsui company states in a letter of February 21, 1918, which was to be attached to the Supplementary Agreement: "With reference to the payment of the Annual installments on the principal and interest of the fund for the construction of a great radiotelegraphic station you state that you are concerned as to whether your Ministry can make payments on the fund after deducting expenses out of the receipts from telegrams. If your government cannot make the said station pay its expenses, interest and annual installments on the capital, our company, in case your government desires, will gladly undertake the operation of the said station under the supervision of your government in the same way as our company offered to do with the patent agreement proposed in the first place, and we will pay interest and the annual installments of the capital."

A second supplement to the Supplementary Agreement refers to the cable monopoly agreements already existing with the "Great Northern" and "Eastern" and states that "our company, in case it is charged with the operation of the said station, will not be subjected to any restrictions in mak-

[28] Ibid., p. 1522.

ing connections with all radiotelegraph stations throughout the world after the beginning of 1931." The whole tone of this second supplement leads one to suspect that the Japanese figured on reaching an understanding with the cable companies, or that if they did not reach such an understanding, competing radio services would not be established until the time limit (December 31, 1930), set by the cable monopoly agreements.

That the Japanese expected a monopoly right over wireless communication is evident from an agreement signed shortly afterward on March 5, 1918, which states that " During the period of thirty years mentioned in Article 4 of the Contract, the Government shall not permit any other person or firm to erect by itself, any wireless station in China for the purpose of communicating with any foreign country."

On August 27, 1918,[29] the Marconi Wireless Telegraph Company, Ltd., of Great Britain entered into an agreement with the Chinese Ministry of War for a loan in connection with the purchase of wireless

[29] Ibid., p. 1442. It is interesting to note how many British agreements are made at the height of feverish activity in war or in direct connection therewith.

Also peculiarly enough, Japan which has the most unquestioningly loyal army in the world made the last-mentioned agreement with the Chinese Ministry of the Navy while in this agreement England who has boasted of her Navy for centuries negotiates with the Ministry of War. Later (as I will show) an American company negotiated with the Chinese Ministry of Communications. Our contract would seem most logical but would other nations admit that fact?

telephone equipment. Article 1 provided for a loan of £600,000 to be used to purchase two hundred wireless telephone field sets to cost £300,000 altogether. The balance of £300,000 was to be transferred to the credit of the government without any stipulation as to its use. The Chinese government was to give the company negotiable treasury notes for the full £600,000. The government undertook to adopt exclusively the Marconi system of wireless telephony until the £600,000 had been completely paid. That the British desired to block any possible avenue of ideas into China other than those in accordance with their own may be seen from Article 12 which reads:

12. In consideration of the above the Government promises that in the event the Government decides to establish a repair shop or factory for the maintenance of wireless installations in China, or for the manufacture of wireless apparatus, the Government will first open discussions with the Company with the view of arranging joint operation of such factory by the Government and the Company.

In pursuance of the arrangement contemplated by Clause 12, the following agreement[30] for the establishment of the "Chinese National Wireless Telegraph Company" was concluded on May 24, 1919. The two parties discussed arrangements for joint operation of the company and the possible disposal of the shares of the company after the time limit of twenty years. The object of the company "shall be

[20] Ibid., 1442.

to manufacture wireless telegraph and telephone apparatus, material and supplies, and to repair and maintain wireless installations now existing and hereafter established, but nothing in this agreement confers any right upon the Chinese company to operate commercial wireless stations in China." The Marconi company granted to the Chinese company all of its patents, rights and secret processes, present and future, as long as the Marconi company was a part of the Chinese company.

The net profits of the company were to be divided into three parts, the government and the Marconi company each to receive one part as shareholders and the remaining third to be paid to the Marconi company for grants of patents. Of course this arrangement was to be nullified if the Government exercised its right to purchase the entire Chinese company after twenty years or if it liquidated its own interest. In the latter case the Marconi company was to have the first option as to purchase, other things being equal. Article 6 of this agreement reads:

> The Government, recognizing that the Chinese company's success depends upon mutual co-operation, hereby agrees that, if the goods supplied by the Chinese company are not lower in quality or higher in price to those offered by other companies, the government will purchase exclusively from the Chinese company all its present and future requirements in wireless telegraph and telephone apparatus, material and supplies, and further if the government suffers no loss by

giving such work to the Chinese company, the Chinese company shall be exclusively entrusted with the repair and maintenance of all wireless and telephone apparatus and equipment in China.

On October 9, 1918, the Marconi Wireless Telegraph Company of Great Britain made an agreement [31] with China for the establishment of wireless telegraph communications between Kashgar and Sianfu. The company agreed to furnish the Government with £200,000; £66,000 to be used for the purchase of three wireless stations and the remaining £134,000 to be used for their transportation and erection which was plainly an excessive expenditure for these two operations. Mr. Frederick E. Lee describes the resulting situation in the following words "Expenditures .... totalling £67,000 are unknown to the Ministry of Communications." [32]

In regard to this period [33] of electrical communication history in China Mr. Lee states: [34] "Indicative of conditions surrounding the issue of foreign loans in China, and the expenditure of the funds secured from such loans during the period of extensive borrowing in 1917 and 1918, there follows herewith a

[31] Ibid., p. 1452.

[32] "Currency, Banking and Finance in China," published in 1926 as No. 27 of its Trade Promotion Series, by the U. S. Bureau of Foreign and Domestic Commerce. Here Mr. Lee gives an example of one of the reasons for the growth of mushroom millionaires among Chinese officials which the Peking papers so often alluded to during the author's stay in Peking.

[33] This is the period of greatest Japanese influence at Peking, with its attendant graft as exemplified in the Nishihara loans.

[34] Currency, Banking and Finance in China, 209.

statement of the status of the telegraph and telephone loans, published with the Minister of Communications comments thereon in the official organ of the Chinese Government in August, 1922. Copies of certain loan agreements are included in this statement as they have not been published elsewhere."

Mr. Lee quotes from a notice of the Ministry of Communications published August 16 and 17, 1922, describing these loans, many of which were secret hitherto, as follows:

All the foreign obligations of the telegraph administration of this ministry before the era of the Republic consisted merely of £210,000 as the main loan for the Shanghai and Taku cable, and £48,000 as the supplementary loan for the Chefoo and Dairen cable, and of £500,000 as advance of telegraph revenues all due to the Great Northern and Eastern Extension companies. With exception of the advance of telegraph revenues which was not spent by the telegraph administration, and the interest and principal of which were paid yearly from the general account of this ministry, the main and supplementary loan for the Shanghai-Chefoo-Taku cables were entirely made use of for the laying of telegraph cables between Shanghai and Taku. The total amount was not large and repayment was not difficult. During these years there has been no trouble in making such payments. But since the seventh year of the Republic (1918) during Minister Tsao's régime, loans were contracted for 20,000,000 yen from the Exchange Bank of China (Ltd), with the properties and revenues of wire telegraphs as security; for £200,000 from the Marconi Wireless Co. in the name of three wireless stations; and for 10,000,000 yen from the China-Japan Development Co. with the property and revenues of the telephones as

security. Also in the ninth year of the Republic (1920) during Minister Tseng's régime a loan of 15,000,000 yen (of which only 6,000,000 yen was drawn) was contracted with the Eastern Asia Industrial Development Co. with the properties and revenues of the wire telegraphs as security. . . . .

If these loans were made use of for the increase of the capital development and for the extension of the system, then the business of the telegraph (and telephone) administration would be much more developed. But the majority of these loans was either borrowed by the Ministry of Finance or spent by the Railway Administration. All spent by the telegraph administration itself was less than 15 percent.

Mr. Lee adds: "The director general of telegraphs, Mr. C. P. Woo, gave out a circular telegram to the press on August 9, 1922, in which he stated that the debts of the telegraph department of the Ministry of Communications, consisting principally of Japanese loans, amount to approximately $50,000,000 Mex., and that on one of these loans, the principal of which is 15,000,000 yen, the ministry had never obtained from the lenders the sum of 9,000,000 yen, and that the Japanese interests were now urging him to take up this sum of 9,000,000 yen which he had refused to do. Upon being questioned whether or not the loans referred to in this statement were limited to the telephone loan, ... the telegraph loan, ... and the wire telegraph loan, ... Mr. Woo replied that they were."[35]

Taking up these agreements more in detail with Mr. Lee, we find that the Wire Telegraph Loan

[35] Ibid., p. 210.

Agreement was contracted by Minister Tsao Ju-Lin on April 30, 1918, with the Exchange Bank of China, for 20,000,000 yen. Article 9 of this agreement provided for the recognition by the Bank of the wire telegraph loan agreements which China had concluded with other countries. The purpose of this agreement was for " securing funds for the improvement and extension of the telegraph administration " of China.

On October 25, 1918 the Ministry of Communications contracted for a loan of 10,000,000 yen from the China-Japan Development Company " with a view of extending the 1916 short-term telephone loan and to effecting extensions and improvements to the telephone business which requires the investment of capital." Article 4, Section (a) of this agreement had been kept secret but was published in 1922. The section reads: "All the properties and revenues with operating rights of the various telephone exchanges and long-distance telephones under the administration of Party 'A' (Ministry of Communications) existing at present or developed in future " are to be security for this loan. Again the Ministry of Communications during the time of the agreement was not to make a like agreement " with any other merchant in connection with the telephone business." As Mr. Lee states:[36] " This clearly violates certain other contracts of the Ministry of Communications."

[36] Ibid., p. 216.

An agreement signed February 10, 1920, between the Ministry of Communications and the Eastern Asia Industrial Development Co. provided 15,000,000 yen " to develop and improve the wire telegraphs which require the supply of materials, as well as expenses for engineering and shipping purposes." As to the materials, machines, etc., required for the above work, which should be purchased from foreign countries; when the quality and price are not much different from those of Party " B " (the company) then the same shall be purchased from Party " B." Mr. Lee comments that " Under the expenditures of this loan it will be noted that of the 6,030,000 yen received, 2,730,000 yen was spent for military expenses of the Ministry of Finance, and 810,000 yen for interest on the loan."

The situation in China at this time was as follows. There had been internal telegraph lines since 1881 in China, which have been operated by the Peking Government since 1908. China owns the cable from Chefoo to Taku which however is operated jointly by the Great Northern and the Eastern. All external communications of all kinds even with the supposedly American " Commercial Pacific Cable Company " were controlled by the Great Northern and the Eastern, which latter two companies appeared to have a working agreement with the Japanese concerns. If American ideas were ever to have access to China, the field was ripe for the entrance of an American company backed by American diplomacy which had

evolved the policy of the Open Door for American interests in the Far East.[37]

On January 8, 1921,[38] an agreement [39] was entered into at Peking between the Chinese Minister of Com-

[37] Contrast with the other two great American policies of "isolation" as regards Europe and of the Monroe Doctrine as regards South America.

[38] That what is happening at the time may not be definitely known even to those who have the best sources of information is excellently exemplified in the testimony of Mr. Owen D. Young, Chairman of the Board of Directors of the Radio Corporation of America, in his testimony given before a Senate committee as reported in Cable Landing Licenses, 347. He states that when the Radio Corporation of America made its contract with the British Marconi Company (for agreements between the two companies as to territories; rights in China; neutral territory and "No Man's Land" in other countries see Federal Trade Commission Report on the Radio Industry, Appendix, 237) the later company declared all communications in China a monopoly because of the British Company's agreement with the Chinese National Wireless Company. He further states "I understand it to be a fact that the Japanese are constructing a radio station in China, and I am advised also that an American concern has asked for concession for a Chinese station [this American concession was signed three days previous on January 8, 1921]. I am not advised as to whether we were mistaken in assuming that the Chinese Communications Co. [Chinese National Wireless Co.] had a monopoly in China or whether for some reason the Chinese government now feels at liberty to make other grants.

"I have served notice, however, on the British-Marconi Co. that if China is open to others than the Chinese Communications Co. for the purposes of radio communication, then the Radio Corporation of America must be at liberty to take such steps as may be necessary to protect the Chinese communications with North and South America, ... There is no agreement with the British Marconi Co. relating to any of the other countries of the Orient except China, unless these countries are part of the British Empire."

[39] Federal Trade Commission, Radio Industry (1923), Appendix, 267-297, gives all the agreements relating to this project.

For a discussion of this agreement and the Japanese objections to it see statement of Mr. Brown of the Radio Corporation of America,

munications (this seems to the author the proper party with whom to make an agreement, the British company having made their agreement with the Chinese Minister of War and the Japanese company with the Chinese Minister of the Navy) and the Federal Telegraph Company (of California, U. S. A.) for a joint partnership in the matter of " direct wireless telegraphic communications and service between China and overseas, and between other wireless stations to be established at certain appropriate points in China " which partnership was to continue ten years from the date of completion of the last station provided for in the agreement.

The main station at Shanghai (Article 4) was to be equipped with "duplicate one thousand kilowatts Federal arc radio " and " provided with six guyed steel masts, each mast being one thousand feet in height." Secondary stations " constructed so that double power can be used in any of them " were to be erected at Harbin, Shanghai, Peking and Canton. The cost of the equipment, transportation to Shanghai and installation was to be $4,617,500. The construction of the main station was to be started within six and completed within eighteen months. The other stations were to be finished as soon as conditions permitted. The Chinese government was to fur-

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To Regulate Radio Communication, Hearings before the Committee on the Merchant Marine and Fisheries, House of Representatives, 69th Cong., 1st sess. on H. R. 5589, Jan. 6, 7, 14, 15, 1926, pp. 68-69.

nish, immediately, bonds for one half the cost, bearing eight percent interest, which bonds, moreover, were to be free of taxation or assessments of any kind.

At the end of ten years everything connected with the undertaking was to be " the sole and exclusive property of the government." In case the company had not been reimbursed during the ten years, it was to receive annually " an amount to be mutually agreed upon from the gross earnings and revenues of the several stations " until reimbursed. However, the supplementary agreement dated Peking, 2nd February, 1923, reads:[40]

> That the joint partnership as provided for in Article XII (12) [Contract of Jan. 8, 1921] shall continue until the company shall have been reimbursed in full for their share and outlay of their expenses in building the stations; it being understood that the title to the stations passes to the government and the co-partnership ceases when, but not until, the company shall have been fully reimbursed for a one-half share and outlay of expenses involved, plus eight percent per annum on said share.

The entire management of the stations was to be vested in a Chinese director and an American director and an American engineer-in-chief, the three to constitute the " China-Federal Radio Administration." The two latter named were to be appointed by the company. The government and the company might jointly appoint an additional Chinese direc-

[40] Ibid., p. 276.

tor. The local office managers were to be Chinese citizens if possible.

Article 16 contains several interesting provisions:

(a) As incidental to the establishment of the wireless telegraphic communications provided for herein, the Government undertakes to establish in China a service for the gathering and disseminating of news of the sort customary for press service. The company on its part agrees to handle such services throughout the United States of America, with various prominent newspapers.

(b) Such news service shall not exceed three thousand (3000) words a day. The radio tariff or charge for this service shall be mutually agreed upon by the parties hereto.

(c) Chinese government and American Government messages shall have priority in this service, as well as such other and general services rendered to the public by the several stations.

(d) All messages proper and incidental to the Company's business shall be transmitted free of charge.

(e) The operating service of the several stations shall be according to international usage.

(f) The censorship of messages may be exercised by the Government during war.

Ten copies of this agreement were to be executed, five in English and five in Chinese. Two copies, one in English and one in Chinese, were to be given respectively to (1) the company, (2) the Chinese government, (3) our Department of State at Washington, (4) the Chinese Legation at Washington and (5) the American Legation at Peking. In case of doubt regarding the interpretation of the agreement, the English text was to rule.

A supplementary agreement [41] dealing mostly with financial procedure and contingencies was executed at Peking under date of September 19, 1921. The most interesting part of this rather long and involved agreement pledges as security for the loan involved, its entire interest in the stations and the surplus earnings of the China-Federal Radio Administration. It also pledged "as further and additional security for this said loan, the surplus earnings from any and every source accruing to the Ministry of Communications" and if these were not sufficient, repayment was to be made from "other Chinese Government sources."

By agreements [42] of September 8, 1922, between the Radio Corporation of America and the Federal Telegraph Company (of California), there was formed a new subsidiary company, the Federal Telegraph Company of Delaware. This new company was organized with the express purpose of developing the Chinese enterprise of the Federal Company. The Chinese contract was transferred to the new company [43] with the consent of China.

[41] Ibid., p. 291.

[42] Ibid., pp. 278 and 284.

[43] The China Year Book for 1923 describes the formation of the new company as follows: "In September, 1922, it was announced that a new corporation would be formed soon to take over the $13,000,000 contract recently closed by the Federal Telegraph Company of California with the Chinese Government calling for the construction of four wireless stations in China. The station to be erected in Shanghai

The contract of the Federal Company with China contains no monopolistic feature. It has been argued, however, that as a practical matter it does confer a monopoly.

The Danish government, on behalf of the Great Northern Company, protested against this concession as violating the cable monopoly held by the Great Northern and the Eastern, which monopoly was to run until December 31, 1930. The British government protested on the same grounds and also on the ground of the exclusive contract of the British Marconi Company with the Chinese government (to run until 1929) which should have given them the first chance to furnish wireless equipment to China. The Japanese government claimed for the Mitsui com-

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will be larger than any in this country and its completion will mean direct communication between the United States and China.

"The new company will be known as the Federal Telegraph Company of Delaware. Owen Young, President of the General Electric Company will be Chairman of the Directors, and R. P. Schwerin, President of the Federal Telegraph Company of California, will also be President of the new Delaware Company.

"The capitalization of the new company will be $9,000,000 of which $3,500,000 will be preferred stock and $6,000,000 common stock. The Radio Corporation of America will buy all the new preferred stock, and of the common stock the Federal Telegraph Company of California will own 40 percent and the Radio Corporation of America 60 percent. It is asserted that the profits from the Chinese contract will amount approximately to $6,500,000 and in addition a percentage of the net earnings of the stations for a long term of years will go to the two companies mentioned.

"The Corporation's Engineers have already arrived in China to start the installation of the Shanghai station." However, it has not been started yet.

pany, a monopoly of radio communications between China and foreign countries, on the basis of the Mitsui contracts of February 21, 1918.

In answer to these contentions, the American Government pointed to the principles of our Open Door Policy [44] as laid down in Article 15 of the Treaty of 1844 and Article 30 of the Treaty of 1858, and in other ways gave vigorous diplomatic support to the Federal company.

We come next to the Washington Disarmament Conference of 1922 which was perhaps the most im-

[44] Professor W. W. Willoughby, Foreign Rights and Interests in China, I, 102, states: "Finally came the most explicit of all statements of the American Government as to its understanding of the implications of the Open Door doctrine, namely, that contained in the letter of Secretary of State Hughes to the Chinese Minister at Washington," written at the time of and in connection with this controversy, on July 1, 1921. The letter reads: (Also in China Year Book, 1923, p. 441.)

"Your reference to the principle of the open door affords me the opportunity to assure you of this government's continuance in its whole hearted support of that principle, which it has traditionally regarded as fundamental, both to the interests of China itself and to the common interests of all powers in China, and indespensable to the free and peaceful development of their commerce in the Pacific Ocean. The Government of the United States has never associated itself with any arrangment which sought to establish any special rights or privileges in China which would abridge the right of the subjects or citizens of other friendly states; and I am happy to assure you that it is the purpose of this government neither to participate nor to acquiesce in any arrangement which might purpose to establish, in favor of foreign interests, any superiority of rights with respect to commercial or economic development in designated regions of the territories of China, or which might seek to create any such monopoly or preference as would exclude other nationals from undertaking any legitimate trade or industry, or from participating with the Chinese Government in any category of public enterprise."

portant international conference ever held from the view-point of China. Although the item " Electrical Communications in the Pacific " was on the agenda of the Washington Conference, the subject as a whole was not taken up. The American attitude may be surmised, however, from a series of letters written during the time of the conference.[45]

In a letter of December 7, 1921, to Mr. James R. Sheffield (recently minister to Mexico), Mr. Owen D. Young points out that " the communication situation in the Far East, and especially in China is not dissimilar from the situation which existed in South America before the present arrangement was concluded in Paris." In order to obtain adequate communication in China without discrimination and without waste of wave lengths [not so important now] and capital, he suggests that the Americans, English, French, Germans and Japanese have equal representation upon a consortium or board of trustees " upon which the Chinese shall have such additional representation as seems appropriate under the circumstances." He suggests that the Chinese, subject to the approval of the other nationals, shall select an eminent Chinese who shall act as Chairman of the board " with such powers as may also under existing circumstances seem appropriate." Such an open door policy in communication would

[45] Federal Trade Commission, Radio Industry (1923), pp. 60-67.

give China direct international communication in a year. Mr. Young believes that if the various governments would accept the consortium principle, the various national companies would fall in line. Mr. Young concludes:

> The Radio Corporation of America, having been formed as the result of an appeal of our government, regards it as a part of its mission to develop communications of the United States and looks upon it as an obligation to our government to bring the matter herein outlined to the attention of our delegates to the Disarmament Conference who are discussing questions of communication, and I would be glad, my dear Mr. Sheffield, if you would use this letter as will best serve the interests of the United States, as those are the interests of the Radio Corporation of America.

In a letter to the Honorable Elihu Root dated December 12, 1921, Mr. Young states:

> The Radio Corporation of America made its suggestion for the comprehensive development of Chinese radio communications, not with the idea of superseding the Federal Telegraph Co., of California in China or injuring its position there. The Radio Corporation of America made the suggestion because it does not believe that the radio communications of China can be developed by competitive duplication of stations or that the Federal Telegraph Co. of California can execute successfully a program based on that theory. Stations are too expensive—business too meagre—wave lengths all too rare, and national feeling with reference to control of Chinese communications runs too high to permit successful execution of such a program.

In answer to a letter of Edwin Denby,[46] Secretary of the Navy, who expresses fear of monopolies by a single company, Mr. Young points out that the Radio Corporation of America is seeking monopolies only outside the United States (in accordance with the policy of the United States to authorize combination in the export field) in order to be able to compete at all with England, who dominates the cable situation and can thereby destroy weak wireless companies. Mr. Young states specifically:

> The principal volume of communications across the Pacific is [about fifty percent of the total], and probably for many years will be with Japan. The Japanese end of these communications is controlled by the Japanese government. Any American station which lost the Japanese business would become practically valueless. Therefore the owners of that station would, as a practical business matter, have to accept any terms as to traffic which the Japanese cared to impose. In other words, the control of American wireless communications on the Pacific would, under such conditions, pass from hands of Americans into the hands of the Japanese.

In a letter to the Honorable Charles E. Hughes under date of January 9, 1922, Mr. Young makes a remarkable prophecy in the light of recent events, stating that "our purpose is to find a way of getting quick and accurate communications with the Orient, because they are greatly needed now and will be more needed in the immediate future."

[46] The letters to Denby and Hughes are referred to in House of Representatives, 69th Cong., 1st sess., Report No. 404 (p. 12), to accompany H. R. 9108 on Regulation of Radio Communication.

The last of this series of letters probably gives the real reason why the subject of Electrical Communications was not fully discussed at the Washington Disarmament Conference. This letter of January 11, 1922, is from the Honorable Elihu Root to Mr. Owen Young. It states: " It is not practicable to deal with such a vast and complicated subject in the present conference upon the limitation of armament. Any attempt to reach conclusions as to what ought to be done and what can be done in the development of wireless communication in China and between China and other countries must depend upon facts which the conference cannot determine and upon policies which the conference has no time to discuss. In the nature of things there are limits upon the field which any conference can cover. The present conference is approaching its limit and this subject with other very important matters will have to be dealt with either through ordinary diplomatic channels or by some future concerted action." This letter of Mr. Root's (who was Chairman of the Drafting Committee on Resolutions dealing with this subject) serves as an excellent clue as to what was to happen in the Conference as we shall see later, especially in regard to the Viviani resolution.

The subject matter dealing with Electrical Communications takes up a rather unimposing portion of the bulky report entitled " Conference on the Limitation of Armament." Nevertheless there is a vast

amount of valuable material for our subject contained therein. The material is moreover excellently and comprehensively indexed [47] as such reports go.

The Chinese delegation to this conference had very definite ideas on the subject of radio stations which they expressed in a memorandum submitted at the ninth meeting of the Committee on Pacific and Far Eastern Affairs [48] asking for "the immediate abolition or surrender to the Chinese government of all electrical means of communication, including wireless stations, now maintained on Chinese soil without the consent of the Chinese government," claiming that by an instructional order dated April 18, 1915, "it was provided that all electrical means of communication shall be owned and controlled by the State."

The memorandum pointed out that all arguments in favor of the immediate abolition of Postal stations

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[48] C. L. A., 990.

under foreign control because China had built up a highly efficient Postal system, applied with equal force to the abolition of foreign electrical means of communication. It was pointed out that China had developed an adequate system of telegraphs for internal communication and that foreign communication systems not only prevented continued development of the Chinese system " but represents an indefensible infringement of China's territorial and administrative integrity." The Chinese delegation stated that foreign systems had no significance except for purely political aims. Since the powers had affirmed their intention of not infringing the "political, territorial or administrative integrity of China, it is to be expected that they will discontinue the maintenance of the stations to which China has not given her consent. China, though recognizing no legal obligation to do so, offered to pay the fair value " of such stations as are of such a character or are so located that they can be made effective parts of her own systems of electrical communications."

Mr. Sze, Chinese minister to the United States, told the committee which was considering this subject, that Chinese wireless stations had been installed at Shanghai, Peking, Canton, Woosung, Foochow, Wuchung, Kalgan, Urga, and Chungking. Six others were being constructed, the two in Peking and Shanghai being almost completed. The Chinese delegation did not ask for the removal of the wireless stations

in the Legations as they had been established under the Protocol of 1901. They did however, ask, first, that these wireless stations be maintained only for official use,[49] and second, that some understanding be reached concerning their interference with the wave lengths of the Chinese wireless stations.

The American delegation, speaking through Mr. Hughes, agreed with the Chinese position on the first point but expressed some doubt as to a solution of the complicated question of wave-lengths.

The British delegation, through Mr. Balfour, stated that Britain had only one wireless station, that at Kashgar in Turkestan. The British Government was in sympathy with the Chinese views concerning the use of their wireless station at their legation in Peking, also with the Chinese proposal to reach some arrangement regarding wave-lengths. However "the British Delegation view with some misgivings the proposal to extend the scope of the work of the conference so as to embrace the world aspect of 'wireless,' partly because the Delegation is not equipped for the purpose; partly because it would overload the conference; partly because many of the nations concerned are not represented here."

Senator Schanzer of Italy was willing to accede to the first request of the Chinese to limit the use of the wireless in the Italian Legation to official use.

The French view was stated somewhat at length by Mr. Viviani. He desired to know what guarantee

[49] See below, pp. 130-132.

the Powers would have that commercial messages would be sent in case they could not use certain stations. He thought the question of wave-lengths would necessitate a general agreement. He was decidedly in favor of cooperation instead of competition.

Mr. Hanihara of Japan was willing to have their legation station used for official purpose only, if they could send commercial messages over it in case the Chinese commercial lines suspended their services. He had no objection to an investigation of the technical sides of wireless questions.

This whole question was referred[50] to a Drafting Sub-Committee of which Elihu Root was chairman.[51] In the discussions held by this sub-committee the question of unauthorized stations in China came up. The Chinese had already made a tenative list[52] of these stations in Article 3 of their formal declaration presented to the Conference, as follows: There were unauthorized Japanese stations at the Japanese Legation at Peking, at Chinwangtao, Tientsin, and all in Chili province; at Harbin (Russian ordered) Manchouli, Kungchuling, Lungtsintsung, and Dalny (Kwantung leased territory), all in Manchuria; at Tsinan and Tsingtao (Chinese and Ger-

[50] Conference on the Limitation of Armament, 990.

[51] The resolution finally drawn up by this Drafting Committee and adopted by the committee of the whole on Pacific and Far Eastern Affairs at its thirteenth meeting held Dec. 7, 1921, may be found in Conference on the Limitation of Armament, 1078. See below, p. 130.

[52] Ibid., p. 990.

man) in Shangtung, and lastly, at Hankow in the province of Hupeh. The French stations in China without her consent were at Shanghai (French settlement), Kwangchow-wan (leased territory), Yunnanfu, and Tientsin. The British stations were at Hong-Kong (Kowloon leased territory) and at Kashgar in the province of Sinkiang. The American stations were at Peking (American Legation), at Tientsin, and Tangshan, all in Chili province. Besides the above list of unauthorized stations there were radio stations fitted for receiving only.[53]

The tenative list of foreign wire telegraphs in China (not sanctioned by the government) were Japanese stations at Peking, Tientsin, fourteen stations along the Shantung Railway, thirty-four stations along the South Manchuria Railway, besides other telegraph and telephone lines in Changchun, Hunchun, and Yenki. There were Russian stations along the Chinese Eastern Railway besides those in connection with the telegraph wires at the Russian frontier.

At the first meeting[54] of this sub-committee on drafting there was a considerable discussion concerning the unauthorized stations in China. Mr. Root, its chairman, submitted a Resolution (later adopted by the full committee on Pacific and Far Eastern Affairs on December 7)[55] to the effect (1)

[53] China Year Book, 1921-22, p. 507.
[54] W. W. Willoughby, China at the Conference, 159.
[55] Conference on the Limitation of Armament, 1082.

" that all radio stations in China maintained under the provisions of the protocol of September 7, 1901," should not receive or send commercial or personal and unofficial messages, " Provided, however, that in case all other telegraphic communication is interrupted then, upon official notification accompanied by proof of such interruption to the Chinese Ministry of Posts and Communications, such stations may afford temporary facilities for commercial and personal messages until the Chinese Government has given notice of the termination of the interruption." (2) All foreign radio stations in China were to be limited to the sending only of messages authorized by the treaties or concessions under which the stations are maintained. (3) All unauthorized stations are to be transferred to the Chinese Ministry of Posts and Communications" upon fair and full compensation of the owners for the value of the installation, as soon as the Chinese Ministry of Posts and Communications is prepared to operate the same effectively for the general public benefit. (4) " If any questions shall arise as to the radio stations in leased territories, in the South Manchurian Railway Zone or in the French concession at Shanghai, they shall be regarded as matters for discussion between the Chinese Government and the Government concerned." (5) The owners or managers of all foreign radio stations in China were to confer with the Chinese Ministry of Posts and Communications

about a common arrangement to avoid interference in the use of wave lengths.

With regard to this draft resolution, the French representative said that the station in the French Concession at Shanghai was established under the terms of the concessions, also that the one in the leased territory of Kwangchow-an was there under French rights as lessee of Kwangchow-an. The British representative claimed that the radio station at Kowloon was in the leased area and should receive separate consideration, also that the one at Kashgar was established with Chinese consent as shown by the following evidence.

The first evidence was a letter from the British Empire Delegation under date of December 28, 1921, to the Chinese Delegation in which it was pointed out that in the summer of 1918, the activities of the Bolsheviks in Hsinkiang necessitated (in the British view) the sending of a guard of thirty men to Kashgar to protect the Consulate-General there. On August 19, 1918, the Chinese Government sent a telegram to the Governor of Hsinkiang asking him to allow the guard to enter as Great Britain and China were allies in a common cause. As the intelligence officers in Hsinkiang were hampered by lack of communication facilities with India, the British proposed to install at Kashgar a small wireless telegraphy set. On November 7, 1918, Sir John Jordan telegraphed that the Chinese Government had sent instructions to the Governor of Hsinkiang that the

party in charge of the wireless installation was to be admitted.

"From the above I think that you [the Chinese Delegation] will agree that the wireless receiving set at his Majesty's Consulate-General at Kashgar is there with the concurrence of the Chinese Government."

The Japanese claimed that their radio stations in the South Manchuria Railway zones were there as a necessary accompaniment of Japan's right to control and operate the railway.

Dr. Koo, speaking for the Chinese delegation said that the right to maintain radio stations in the leased areas, concessions and settlements was not included under the right of the leases or concessions, etc. The British representative agreed with the Chinese view with regard to the municipal concessions or settlements in China. Dr. Koo understood the French position to be that a "concession" did not as a matter of course confer the right to install a radio station but that as long as there was a radio station in the French settlement in Shanghai, its continued existence would be a matter for separate discussion between the French and Chinese governments.

The Japanese representative said that their wireless station at Hankow was needed for military purposes while the stations in the railway zones were for the use of the guards. Dr. Koo replied that China had granted only ordinary administrative rights in the railway areas and that while telegraph lines

might be necessary for the operation of the railway, radio stations were not.

When the Chairman asked[56] if there were any further discussion of the resolution, Mr. Hanihara inquired of Mr. Root if "two points previously made by him (Mr. Hanihara) were clearly understood, namely, that the wireless station at Hankow would be withdrawn simultaneously with the withdrawal of the Japanese troops from the same locality; and that the wireless stations at Tsingtao and Tsinanfu would be disposed of when the Shantung question was settled." Mr. Root's recollection agreed with Mr. Hanihara's but the Sub-committee, in drafting, had not attempted to deal with questions involved in the larger question of Shantung.

Mr. Viviani next made an extended statement in acceptance of the resolution of the Drafting Committee. He had no idea of adding or detracting anything from the resolution itself, but wished to state once more an idea which he had previously had occasion to formulate.

"The Conference," he said, "was only writing the preface, so to speak, to a work of vaster scope. The possibility should be kept in mind of a future general agreement which would bring the greatest material and moral benefit to China as well as to the other nations concerned. At the present moment three great radio companies were fighting for the

[56] Ibid., p. 1080.

Chinese field: The Marconi Company, the Mitsui Company, and the Federal Wireless Company." He hoped that now as means were being sought to end the crushing burden of competition in armaments, some solution might be sought for competition in the field of wireless telegraphy. As far as armaments were concerned, one might possibly conceive that a given state, in arming hoped to get a return for its expenditure by going to the length of provoking war, if need be; in matters of wireless, however, the experts had declared that the present competition, if persisted in, would render all communication impossible through the confusion and interference of the wave-lengths of the various stations. The difficulties involved need no further explanation.

Mr. Viviani wished to call attention to the fact that the ideas he had just expressed had not originated with him, similar views having been developed by the American government. While the Treaty of Versailles was being negotiated, the American plenipotentiaries had made it plain that, in matters relating to wireless telegraphy, an area of cooperation should supplant that of competition; and they had favored the calling of a special conference.

Mr. Viviani said that he did not ask that immediate steps be taken on his statement; he merely wished that it should go on record. As for the text of the Resolution prepared by the Sub-committee on Draft-

ing presided over with such distinction by Mr. Root, he accepted it without any modification.[57]

Following up his above-mentioned declaration, at the request of Mr. Hughes, Chairman of the full committee, Mr. Viviani presented at the fifteenth meeting of the whole Committee on Pacific and Far Eastern Affairs, the following resolution: [58]

WHEREAS,

Competition in the establishment and operation of wireless stations in China, far from bringing about the creation of the necessary radio communications between China and the other countries, has on the contrary produced results the reverse of those aimed at, the Powers represented at the Washington Conference consider that this competition should give way to cooperation under the control of the Government of China.

THEREFORE, IT IS DECIDED, That a committee shall be formed, including representatives of the interested countries and of China, to draw up practical recommendations in accordance with which this cooperation shall be accomplished in conformity with the following principles:

(1) The purpose of the cooperation should not be to favor certain interests at the expense of others but to enable China to obtain radio communications established and operated as much in its own interests as in that of the public of all other countries and to avoid the waste of capital, of staff, of material and of wave lengths.

(2) To this end China should be enabled to possess, as soon as possible, radio stations with all the latest technical

[57] Mr. Koo associated himself with Mr. Viviani in accepting the Resolution, and asked for and obtained from Mr. Hanihara a confirmation of the latter's earlier statement that the Japanese wireless station at Hankow was and would be purely for military use.

[58] Conference on the Limitation of Armament, 1130.

improvements that can be contributed by the various companies of the countries which are concerned in the improvement of radio communications with China.

(3) Radio communications within Chinese territory shall be subject to the Chinese laws and the external radio communications (between China and other countries) shall be regulated by the International Conventions governing such matters.

(4) The Governments of the Powers mentioned in the Preamble shall give no support to any company or to any person who does not conform to the above principles as well as to the practical rules prescribed in accordance with the recommendations of the Committee.

Supplementary suggestion

(5) The rates charged for radio communications shall never be higher than the rates for communications by wire or by cable for equivalent distances, and government and press messages shall benefit by a reduction of at least fifty percent.

In answer to criticism of this resolution by Senator Pearce, Mr. Viviani said that he had no idea of creating a monopoly of the existing companies in China, but merely desired to prevent China from being overwhelmed by " a swarm of little competing radio companies through strengthening the present companies " thus enabling them to offer good service. He believed his proposal was in line with "the intention of the American Government, as expressed at Versailles, to take the iniative in this matter."

Mr. Balfour thought it perfectly proper that the present conference should attempt to introduce order into chaos in regard to wireless telegraphy in China.

Speaking for himself, he would like to see all future concessions made on what he might call the " consortium " principle. A significant note was struck by Mr. Balfour in view of British predominance in China when he pleaded for the respect of existing rights.

As China and Japan desired time to consult their experts upon the whole matter, the chairman suggested that the matter be allowed to rest until China and Japan were ready to proceed.

At the twenty-fifth meeting [59] of the Committee of the Whole held Tuesday, January 24, 1922, Mr. Root, in introducing a Resolution which his committee had drafted regarding wireless, said: " One method, that of competition, was the method that existed in the United States today; another method, that of controlled cooperation was the method that existed in many other countries. China ought to determine which she would follow; then the powers represented ought to help her in that course: but he did not think the Committee was in a position to decide now.

" With that in view, he had prepared for submission to the Drafting Subcommittee a Resolution which corresponded to Mr. Viviani's motion for the appointment of a Committee or Commission, but which, instead of undertaking to decide the fundamental question of policy in advance of the consideration of the Commission, left that to be one of the

[59] Ibid., p. 1430.

things to be determined from the report of the Commission." He asked to be permitted to read the Resolution as it was drafted: [60]

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal desiring to avoid controversies regarding electrical communication facilities and services in China, and between China and other countries, and particularly over concessions or contracts relating thereto, and desiring to promote the further development of the internal and external electrical communication facilities of China in such a manner as to conform to the public policy of China and to produce the greatest possible benefit, have agreed:

That a commission be constituted at once by the appointment of one member on the part of each government represented in the present Conferennce; that the said commission shall inquire into existing concessions, contracts, treaties, and loans relating to electrical communications in China and other countries, the adequacy of present services, and the need for additional services, and shall confer with the Chinese government upon the policy and purposes of that Government in respect of such communications, and upon the available and expedient methods of reconciling the actions of other powers and the nationals thereof to such policy, and shall report thereon to the several powers represented on the Commission as soon as possible, but not later than the time set for the next meeting to be called in accordance with the provisions of the International Telegraph Convention of 1875, and the next meeting to be called in accordance with the provisions of the International Radiotelegraph Convention of 1912.

Said commission shall take into consideration and report upon the matters contained in the Resolution offered in the

[60] Ibid., p. 1430.

Committee on Pacific and Far Eastern Questions on the 7th of December, 1921, by Mr. Viviani, on behalf of the French delegation.

This resolution was not acted upon but was taken up as the first order of business at the next meeting.[61] At this meeting Mr. Sze made plain the policy of the Chinese Government regarding wireless communication. He reiterated the statements made in the first formal declaration of the Chinese delegation to the effect that all wireless stations should be handed over to the Chinese Government at the earliest possible moment. Wireless communications within China should become a Government monopoly the same as wire telegraphy in order that the Chinese government may bring the two systems into cooperation and harmony. Mr. Sze states: "It seems to me that so important an international question should be dealt with as a whole, and not by taking China as a single unit for international discussion. As this Conference has been called—and its work has proved—for the purpose of assisting China by the removal of existing limitations on her sovereign rights, I am inclined to think that the public might have misapprehension should any such commission be appointed to deal with, even if only to discuss and report on, such a subject which is manifestly China's own and sole problem."

[61] Twenty-sixth meeting of the Committee on P. and F. E., C. L. A., 1438.

Mr. Sze continued:[62] "The Chinese Government will be glad to cooperate with other powers with a view to arriving at common policies applicable to all governments and mutually beneficial to all, with regard to radio communications between herself and those powers, and, for this purpose, to participate in a conference or other joint action for the determination of general principles and methods to be recommended to all the governments concerned whereby this general matter may be mutually regulated in a manner similar to that by which international postal interests are harmonized and promoted."

Mr. Root said that the situation, as he understood it, was this: Mr. Viviani had introduced a Resolution covering the whole ground of wireless operations in China, with a statement of several very unquestionable principles, and based upon the determination that the system should be changed from competition to cooperation. That resolution had been somewhat discussed in the Committee and then it had stood over, particularly on the request of Japan and China, for further resolution. In bringing it up the day before, he had suggested a Resolution which would have, to some degree, accomplished what Mr. Viviani had proposed, but which would call for a report by the Commission that he had suggested to the governments, instead of to this conference, as he felt that this was rather a Foreign Office question

[62] Conference on the Limitation of Armament, 1438.

than a conference question and could not properly be considered in the Conference.[63]

Since the day before, a number of experts in wireless had been drafting what seemed to him to be an improvement on the suggestion that he had made, and that paper had been distributed and was in the hands of the delegates. He thought that was a better disposition of the subject than in the paper he had suggested the previous day. The Chairman had suggested that he should read this alternative suggestion for the disposition of the subject presented by Mr. Viviani's proposal, which was before the Committee. He then reads as follows:[64]

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal, desiring to avoid controversies regarding electrical communication facilities and services in China, and between China and other countries, and particularly over concessions or contracts in China relating thereto, and desiring to promote the further development of the internal and external electrical communication facilities of China, and taking note of the general policy of the Government of China to own and operate electrical communication facilities within its territory, have agreed:

(1) That the provisions set forth in the Resolution concerning the Open Door shall apply to electrical communications in China and between China and other countries.

(2) That in any case where, in the general interest, the recission of an existing monopoly or preferential privilege in respect to electrical communications in China, or between

[63] See above, note 46 and following.

[64] Conference on the Limitation of Armament (C. L. A.), 1440.

China and other countries, is deemed desirable, the Powers whose interests are affected stand ready to use their good offices, if requested by China, to bring about such a recission.

(3) That no stations shall be erected or operated on Chinese territory without the authorization of the Government of China, and as to any existing unauthorized station, the right of the Government of China either to order its removal or to take it over upon payment of fair and reasonable compensation is expressly recognized.

(4) That without the express consent of the Government of China no additional radio stations shall be erected in the Legation Quarter at Peking, in settlements, in concessions, in leased territories, in railway areas or in other special areas; nor shall the power of existing stations in any such areas be increased; nor shall such stations carry on ordinary commercial working.

(5) That such radio stations as are authorized by the Government of China, whether by treaty or concession, shall comply with the terms of such authorization, and with the provisions of the International Radiotelegraph Convention or any modification thereof, and, where the stations are authorized to conduct commercial services, such services shall be available on like terms to the nationals of every country.

(6) That any power or the nationals of any power operating radio stations in the territory of China, or in the special areas indicated heretofore shall confer with the Government of China for the purpose of seeking a common understanding with a view to avoiding interference, subject to any general international arrangement which may be agreed to.

(7) That the electrical communication services between China and other countries may develop in a proper and orderly manner and in accord with the policy of China, the Powers stand ready to exchange views, either generally or severally, as the occasion may arise.

In the succeeding discussion Mr. Kammerer, speaking for the French delegation, found this new proposal acceptable if all the points covered in the Viviani proposal should be included in a new and slightly longer draft. He struck a significant note when he stated, after a lengthy discussion, that " the new Resolution ought not to interfere with the principles laid down in the Resolution on the 7th of December last." [65]

Senator Underwood said as quoted in the " Conference on Limitation of Armament," " He knew, as they all did, that China was torn to pieces at the present time by dissensions at home; but every country represented at the Conference table, at some time in its history had met a like fate. The same difficulties had been experienced in the United States, and the fact that China was disturbed by internal differences at the present time was no reason to believe that, within the next decade, she would not have established a sound Parliamentary Government that would efficiently represent her people and protect the rights of foreigners dwelling within her territory." He was unwilling to take a step which might compromise the future sovereignty of China and so he objected especially to Clause 5 because " if China granted the right to nationals of the Government of the United States to establish a radio station in China, that radio station had to first comply with

[65] See notes 50 and 51. Also below, note 66.

the regulations in China as far as it could; but, in addition to that, China had to recognize—and China became a party to this, if she entered into a treaty—that the radio station had to comply with the International Radiotelegraph Convention or any modification thereof; that was to say, any modification thereof as passed in a future Convention; and that future Convention might adopt regulations in reference to radio in China that would not be satisfactory to the Chinese Government; and yet, in such a case, China was to surrender her sovereignty, not to Governments or representatives, but in reference to the regulation of those radio stations, to the representatives of corporations or individuals who controlled the International Radiotelegraph Convention."

Mr. Root suggested that perhaps Senator Underwood's point might be covered by inserting (in paragraph 5) after the words " with the provisions of the International Radiotelegraph Convention or any modification thereof " the words " to which China shall consent."

The Chairman, after some discussion, said that if there were no objections, the Resolution proposed by Mr. Root would contain the amendment " to which China shall consent " at the place indicated.

Mr. Sze asked whether that meant that China would be obliged to consent.

The Chairman replied that it did not; that the phrase simply implied futurity. He thought the

words in question indicated that there was no intent to have it mandatory.

Sir Auckland Geddes questioned the wisdom of inserting the provision concerning the Open Door in Clause 1. Also, he said, that in the future, with the development of science, every legation in the world might install wireless telegraph and telephone equipment of some nature and that the question should be left for the future to determine. He could speak freely on this subject as Great Britain " did not intend to erect a wireless station at Peking." He asked for the insertion of a new paragraph under (4) which would stipulate that commercial messages might be sent from radio stations in the foreign legation at Peking in case of interruption of the regular service.

Sir Robert Borden wanted to know the relation of the resolution under consideration to that adopted on the 7th of December.

New resolutions were offered and the discussion became so complicated that the Committee on Drafting after two sessions of discussion, moved the readoption of the Resolution of the 7th of December by the Committee of the Whole. Accordingly, the Resolution of December 7, 1921, was reconsidered by the whole Committee on Pacific and Far Eastern Affairs on January 25, 1922; was readopted with accompanying Declarations by the same committee on January 27, 1922, and was adopted without discussion or amendment by the Conference at its Fifth

Plenary Session held on Wednesday, February 1, 1922.

As this adoption by the Conference of the Resolution of December 7, together with additional declaration, represents the final official action of the Conference with regard to the subject of Electrical Communications in China, we will quote [66] the Resolution with its addenda in full, although a summary of the Resolution proper was given above, page 113.

The representatives of the Powers hereinafter named participating in the discussion of Pacific and Far Eastern Affairs in the Conference on the Limitation of Armament, to wit, the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal,

Have resolved:

1. That all radio stations in China, whether maintained under the provisions of the International Protocol of September 7, 1901, or in fact maintained in the grounds of any of the foreign Legations in China, shall be limited in their use to sending and receiving government messages and shall not receive or send commercial or personal, or unofficial messages, including press matter: Provided, however, that in case all other telegraphic communication is interrupted, then, upon official notification accompanied by proof of such interruption to the Chinese Ministry of Communications, such stations may afford temporary facilities for commercial, personal or unofficial messages, including press matter, until the Chinese Government has given notice of the termination of the interruption:

2. All radio stations operated within the territory of China by a foreign government or the citizens of subjects thereof

[66] C. L. A., 196.

under treaties or concessions of the Government of China, shall limit the messages sent and received by the terms of the treaties or concessions under which the respective stations are maintained:

3. In case there be any radio station maintained in the territory of China by a foreign government or citizens or subjects thereof without authority of the Chinese Government, such station and all the plant, apparatus and material thereof shall be transferred to and taken over by the Government of China, to be operated under the direction of the Chinese Ministry of Communications upon fair and full compensation to the owners for the value of the installation, as soon as the Chinese Ministry of Communications is prepared to operate the same effectively for the general public benefit;

4. If any questions shall arise as to the radio stations in leased territories, in the South Manchurian Railway Zone or in the French concession at Shanghai, they shall be regarded as matters for discussion between the Chinese Government and the Government concerned;

5. The owners or managers of all radio stations maintained in the territory of China by foreign powers or citizens or subjects thereof shall confer with the Chinese Ministry of Communications for the purpose of seeking a common arrangement to avoid interference in the use of wave lengths by wireless stations in China, subject to such general arrangements as may be made by an international conference convened for the revision of the rules established by the International Radio Telegraph Convention, signed at London, July 5, 1912.

The following Declaration concerning this Resolution was adopted by the Powers other than China in the Committee:

The Powers other than China declare that nothing in paragraphs 3 or 4 of the Resolution of December 7th, 1921, is to be deemed to be an expression of opinion by the Conference as to whether the stations referred to therein are or are not authorized by China.

They further give notice that the result of any discussion arising under paragraph 4 must, if it is not to be subject to objection by them, conform with the principle of the Open Door or equality of opportunity approved by the Conference.

The Chinese Delegation, in connection with this Resolution, places the following statement upon the record for submission to the Conference.

The Chinese Delegation takes this occasion formally to declare that the Chinese Government does not recognize or concede the right of any foreign Power or of the nationals thereof to install or operate, without its express consent, radio stations in Legation grounds, settlements, concessions, leased territories, railway areas, or other similar areas.

Thus we see that the conference produced no particularly definite results. Specific struggles between certain companies, as, for example, between the Mitsui and Federal companies were not brought to the surface. The discussion centered, firstly, on the disposition of wireless stations erected in China without her consent, which found some expression in the final resolution adopted by the Conference, and secondly, on the possibility of cooperation or a consortium arrangement as exemplified by the Viviani proposals, which were shelved.

The final resolution adopted by the Conference has some value as a recognition of Chinese authority over radio stations within exclusive Chinese jurisdiction. But it skates carefully around the edge of the question of the stations in the leased areas, in the South Manchurian Railway Zone and in the French Concession at Shanghai.

From the American view-point the resolution approved the principle of the Open Door, but this confirmation has not worked out well in practice. The resolution stopped the use of the American radio station at our Legation at Peking for press services. This station had picked up American news broadcasted at Manila and made the news available to the press.

After the Washington Conference representatives of the United States, France, Great Britain, and Japan, attempted unofficially to frame an agreement acceptable to the parties concerned, without, however, any definite success.

Walter S. Rogers says:[67] "The Chinese delegation to the Washington Conference stated that it was the policy of the Chinese government to own and to operate telegraphs and radio. There is much to be said in favor of giving support to this policy. Although such a policy may result in slower development, control either by a foreign company or by several foreign companies, whether of the same or different nationalities, would certainly result in innumerable difficulties.

"Radio in foreign settlements and other Chinese territory not under actual Chinese control should not be allowed to develop in such ways as to compete with Chinese installations or to give the owners any special commercial or other advantages.

[67] See Memorandum contained in the report of the Baltimore Conference on China. See above, Note 6.

"A suitably organized radio broadcasting system might be of great political and educational advantage to China. But if utilized to further selfish or factional interests it might result in many unforseeable problems. It certainly should not be con trolled by foreigners."

Another problem of cardinal importance of the Washington Conference, involved more specifically the relations between China and Japan. This was the Shantung question.[68] The Chinese and Japanese understood that there were only two wireless stations in Shantung, one in the mountains at Tsingtao and another at Tsinanfu. The attitude of the Japanese delegation was that these stations would be transferred to China on proper terms and with suitable compensation, details of which should be settled at Peking. After the two parties had presented formula somewhat divergent in view, the two delegations finally adopted the following formula:

> The Japanese wireless stations at Tsingtao and Tsisanfu shall be transferred to China on the withdrawal of the Japanese troops at those two places respectively, with fair compensation for the value of these stations. The details of such transfer and compensation shall be arranged by the Chinese and Japanese Commissions.

In the course of the conversations among the Chinese and Japanese Delegates, the situation concerning the Tsingtao cables was understood to be

[68] China Year Book, 1923, p. 1151.

that there were two German cables, one from Tsingtao to Shanghai and the other from Tsingtao to Chefoo. During the war these lines were cut by the Japanese. As a result about one hundred and thirty miles of cables are now lying in the bottom of the sea. There are fifty miles of them near Shanghai and another thirty miles of them near Chefoo. The other portions are floating around in the sea but were understood to be easily located. In the place of these two cables, Japan had, however, built another cable between Sasebo and Tsingtao, utilizing part of the former German cables.

The Japanese Delegation desired to maintain first of all the status-quo of the Tsingtao-Sasebo cable, with the understanding that the consent of the Great Northern and Eastern Extension Telegraph Companies, who have a monopoly in China, would be forthcoming. Secondly, they understood that China was considering the construction of a Chefoo-Shanghai cable, and wanted to have it connected with Tsingtao. Thirdly, they were not in a position to tell for how long a period the Tsingtao-Sasebo concession should last. With the above considerations in mind, they proposed the following formula:

The Japanese government renounces all its rights, title and privileges concerning the submarine cables between Tsingtao and Chefoo and between Tsingtao and Shanghai, formerly owned and operated by Germany.

It is understood that the Chinese Government shall, as soon as possible, establish a Chefoo-Tsingtao-Shanghai service and open it for the public.

The question of landing and operation at Tsingtao of the existing Tsingtao-Sasebo cable shall form a subject of separate arrangement among the parties interested including the Great Northern Co. and the Eastern Extension Co.

The Chinese Delegates, on the other hand, pointed out in the first place that they had no knowledge of the projected Chefoo-Shanghai cable and refused to allow the Japanese request for a Chefoo-Tsingtao-Shanghai cable to be regarded as a condition for the transfer to China of rights over the German cables. In the second place, they had no knowledge of the existence of the Tsingtao-Sasebo cable and, in view of the concessions given to the Great Northern and Eastern Extension Companies, they were unable to concede to Japan the landing privilege of the said cable. Thirdly, they desired to know the period of concession Japan wished to have for the Tsingtao-Sasebo cable. Fourthly, they objected to the words "rights, title, etc." in the Japanese formula which would give Japan a legal position vis-a-vis her possession of the said cables. Fifthly they objected to mentioning the names of third parties over whom they had no control. Consequently, the Chinese Delegation presented the following formula:

Japan relinquishes, in favor of China, her claim to the former German State Submarine cables from Tsingtao to Shanghai and from Tsingtao to Chefoo with all the rights, privileges, and properties attaching thereto, with the exception of those portions of the two said cables which have been utilized by the Japanese Government for the building of the submarine cable from Tsingtao to Sasebo.

The question concerning the landing privilege of the said Tsingtao-Sasebo cable shall be arranged by the Chinese and Japanese commissions, it being understood that China reserves to herself the right to give or withhold consent, in view of the existing contracts to which she is a party.

After a further exchange of views towards avoiding the legal complications on the one hand, and the impracticability of " handling " or " transferring " the said sunk cables to China, the following formula which represents the substance of the terms of the treaty, was finally adopted:

Japan declares that all the rights, title and privileges concerning the former German submarine cables between Tsingtao and Chefoo, and between Tsingtao and Shanghai, are vested in China, with the exception of those portions of the two cables which have been utilized by the Japanese government for the laying of a cable between Tsingtao and Sasebo; it being understood that the question relating to the landing and operation at Tsingtao of the said Tsingtao-Sasebo cable shall be arranged by the Chinese and Japanese Commissions, subject to the terms of the existing contracts to which China is a party.

Japan, however, still has a cable line from Nagasaki to Shanghai, one from Formosa to Foochow, and another from Kwantung peninsula to a place just north of Chefoo.

As a result of a resolution adopted by the Washington Disarmament Conference,[69] a commission of jurists sat at The Hague in December, 1922, and considered the subject of international law in regard

[69] C. L. A., 356.

to radio and aircraft in time of war. Although the principles adopted do not apply particularly to the Pacific area, they give us perhaps an idea of what to hope for if an extensive war should break out in that part of the world. The Honorable John Bassett Moore who was President of this Commission gives a rather full and interesting account of the activities of this commission.[70] Some of the more important of the principles provide that nations not belligerents should not disturb the service of other radio stations; that belligerents may not operate a radio station in neutral territory; that an enemy or neutral vessel or aircraft which transmits intelligence for the immediate use of a belligerent is liable to capture for the period of a year after the conclusion of the voyage or flight on which it was engaged at the time; that a belligerent commanding officer may regulate the use of neutral radio stations near him if he considers it necessary to the success of the operation in which he is engaged; and that belligerents shall not interfere with distress signals.

In obtaining an idea as to what has happened in China since the Disarmament Conference, one does not get much help from the various annual reports of the Radio Corporation of America which merely give a brief, simple statement year after year to the effect that the company is preparing to commence operations in China in the near future. Probably

[70] International Law and Some Current Illusions, 210.

the annual report for 1927 will say much the same thing, as several of the highest officials of the company stated to the author that they expect to start work on the erection of a station in China this spring (1928). There probably is a better chance of this during the coming year than there has been for some years past.

As one official of the Radio Corporation of America pointed out to the author there are several reasons for the slow developments in China outside the chaotic conditions in that country for the last several years, the monopolies, and the idealistic principles laid down during the Disarmament Conference. For instance, the organization of the companies in the nature of things is bound to cause friction and red tape between the Federal Company and the Radio Corporation of America which latter now controls the contracts of the Federal Company in China. He also pointed out that, as the Chinese Government as well as everyone else knew, the Federal Company had contracted for an unnecessarily expensive equipment in China, so naturally the Chinese didn't push the project.

The author who was Secretary of the Convention Committee of the American Delegation to the International Radiotelegraph Conference of Washington (1927) sat every afternoon for weeks at the same table and sometimes side by side with the man who perhaps knew more about the electrical communica-

tion situation in the Far East than any other American. This high official had spent several months in the Far East during the spring of 1927. While he was out there he had pushed the affairs of the Radio Corporation of America in China and, almost single-handed, procured for the Radio Corporation of America the large interests which it has in the Philippines today.

He said that the Radio Corporation of America had a good chance in China but seemed to have no vision and would be sure to lose its chance if it didn't get busy. He also stated that the company did not even have a representative in Peking or China while several European countries have two or three representatives there all the time with their ears to the ground. He continued, "While I was in China I knew what the representatives of the other countries were doing and they knew exactly what I was doing. The Open Door policy will always work internationally in China, but if the different companies get local or district monopolies natural to radio, where will the R. C. A. get in? They will get only the worst districts at best. I have people writing to me continuously from China asking me to get in, and I have urged the American companies most strongly to do so, but if they do not it's no skin off my chin." (He had a big double chin).

He said, "I have written statements from the Chinese that when the Great Northern and Eastern

cable monopolies expire in 1930 they will not be renewed. If I had money I wouldn't hesitate to go in there and invest it. The Chinese would like to build stations themselves but they haven't the money. The Chinese don't want a monopoly at first or a Consoritum like South America but would allow, say an American station here, a German there, a French there and a British there, and try them out and the one which worked best would be given a contract for all China with the provision, however, that the stations would become Chinese within a term of years."

With regard to the Mitsui Company, this official said, " The big Mitsui station in China built under contract with the Minister of the Navy is one hundred feet shorter than the contract called for, so the Chinese don't recognize it. The Japanese would almost have to rebuild it to get the required height. This station operates very well at times and is built of good material so if some company like the R. C. A. with their world-wide connections should take it over it would operate very well. This Mitsui station has no foreign connection with which to communicate. The Chinese don't recognize the claim of the Mitsui in regard to the future monopoly. The Mitsui don't work hand in glove with the British interests to the extent surmised."

This official said that he could speak of the international situation as a private person as long as he was not connected with it officially, but that he could

not say anything as to the domestic situation in the United States. This suited the author as he was interested in the International situation. He made one or two desultory remarks of interest. One was to the effect that radio sets are not allowed to enter China. If the customs officials find them they simply confiscate them without any fine or penalty being attached. Once the sets are in, the officials don't seem to care. He said that the police merely wink at the broadcasting station in the hotel at Shanghai, which station, by the way, can be heard in the Philippines. He said furthermore, if he remembered correctly, that the Japanese had two local broadcasting stations in Manchuria but that these didn't have very great radius.

In connection with this official's remark that the Radio Corporation of America had no representative in China, I was interested in meeting later the man who had been the corporation representative in China. He said that he had returned home for family reasons. He continued that he knew of a young boy who had been raised in China who had to submit to several sound thrashings at the hands of his schoolmates before he learned that he couldn't treat his schoolmates in the same manner in which he had treated his Chinese servants. He said that he didn't want his son to grow up like that. Little incidents like these can affect the destinies of nations. This above incident also exemplifies very well the reason Americans are not overly successful in foreign trade.

There are still too many opportunities in the United States, whereas the author knows personally many British families who have lived in foreign countries for generations because they know there is no place for them back home. These British families with their native knowledge of the language and the customs of the country naturally get the business and trade.

In the course of several long conversations with a high Chinese official, the author learned that the Chinese can communicate from their purely Chinese controlled station at Mukden with Paris, Germany, the Dutch East Indies, etc. He said the station was put into operation by China in the spring of 1927. The station had twelve kilowatts of power and under ordinary circumstances four kilowatts was sufficient to reach Berlin and six or seven kilowatts would reach the United States. The official said that he had just received a two hundred word deferred wireless telegram by way of Berlin which took ten hours in transit. If necessary he could get an urgent message through in a few minutes. The Mukden station communicated with Paris every day. In response to my question the official stated that the station was not under Japanese influence. He said that Chang Tso-Lin, the war lord of Mukden, was pro-Japanese only when he was forced to be. He further stated that this Mukden station would always be able to communicate with the outside world so that it wouldn't be so

easy for the cable companies (which have a monopoly of communications in China until December 31, 1930), to renew their monopoly under threats of cutting China off from communication with the outside world in case China did not comply with the demands of the cable companies.

When I asked another official of the Radio Corporation of America about this station at Mukden, he said, yes, that the Telefunken Company had sold the station to the Chinese outright without any strings attached, just as one would sell a bag of beans or a sack of potatoes, and that the Chinese are operating the station outright. He said that the R. C. A. will not make arrangements to receive in the United States from Mukden as the company desires to go through with the original Federal contract. He said that Chang Tso-Lin was formerly under Japanese influence but that there was a question as to that now. In answer to my question concerning the statement of the Chinese official, he said, yes, that the R. C. A. will receive messages from Berlin even if they originate in China.

A United Press message dated Peking, November 29, (1927), states:[71] "Chang Tso-Lin, Peking dictator and war lord of Manchuria, denounced through his spokesman today the projected Americans loans to Japan for developments on the South Manchurian

[71] See The Evening Sun, Baltimore, Nov. 29, 1927, p. 10.

Railroad as provocative to China. He also repudiated contracts with the Mitsui Radio Corporation and the Marconi Radio Organization.

" Through his chief of staff, Yang-Yu-ting, Chang Tso-Lin said the resentment of the Chinese people will be aroused against the United States if the American Government gives its approval to the proposed loan.

" The real reason for the loan, he said, is to bring the Japanese people to a favorable opinion of the Japanese Government's developments in Manchuria. He claims the loan also aims to maneuver the United States into a violation of America's declared ' open-door ' doctrine.

" Chang Tso-Lin said China never has recognized any agreement between the Japanese and the American governments in relation to the controversy between the Federal Wireless and the Mitsui Radio Corporation. He said dispatches from Washington and Tokio seem to indicate a secret understanding between Japan and the United States over radio in China.

" The Peking dictator repudiated all previous radio contracts. He wants all the new agreements to give the fullest recognition of China's sovereignty in Manchuria.

" ' China, I feel sure, would welcome money in Manchuria if it came into the country in other than Japanese hands,' said Chang Tso-Lin."

The International Radiotelegraph Convention of Washington (1927) has been signed but not as yet ratified. Although this Convention is generally considered as a technical convention and, furthermore does not deal specifically with Chinese problems, nevertheless there are one or two points which came up during the Conference which have a bearing on our subject. The first point concerns the difficulties which China faces in the administration of her wireless stations in the further provinces as brought out in Proposal No. 1906:[72]

Remarks made by the Chinese Delegation.

Concerning the suppression of spark apparatus and of Poulsen Arc apparatus as indicated respectively in subparagraphs 1 and 3 of paragraph 2 of proposal made in Supplement No. 3 by the Italian Delegation (No.1767), the Chinese Delegation does not raise any objection to it to hinder scientific progress, but it wishes to remark that since 1919 the Chinese Government has installed three stations with Poulsen arcs near Urga (XRG), Kashgar (XRK), and Urumtsi (XRM), of twenty-five kilowatts each, these three stations playing an important part in the interior communication of China. Because of the difficulty in transporting the material for these stations to their respective destinations, two years were spent in completing the work (including eight months for transportation). If these stations were absolutely banned one year after the adoptions of the new regulations, it does not seem possible for the Government of China to find means of replacing the said stations which are at present absolutely indispensable for the service of public correspondence in these

[72] Also listed as Document 108, October 22, 1927.

three locations. Furthermore, these stations have no word as to interference on their part since their inauguration.

Hence, the Chinese Delegation is of the opinion that the abolishing of such stations as well as of spark stations as indicated in proposal 288a should be delayed for such a period as would avoid considerable inconvenience and expense.

The Chinese Delegation is in agreement for the forbidding of the use of spark systems and of arcs in stations which will be constructed after the going into effect of the new Regulations.

The second incident was widely reported in the papers. The Christian Science Monitor [73] reported it as follows: "The Chinese Government availed itself of its first participation in an international radio telegraph conference to call to the attention of the Washington Conference, at its eighth plenary session, the fact that China does not recognize the rights of foreign powers to operate radio stations in leased territories, settlements, concessions, railway areas, leased quarters, and other similar areas in China. No action was taken on the declaration beyond inserting it in the official record of the conference.

"The declaration presented by Dr. Chin-chun Wang, president of the Chinese delegation, stated that the Chinese Government had not withdrawn or modified the formal declaration made at the Washington Limitation of Armament Conference."

[73] Nov. 22, 1927.

Another paper which reported the incident was the Evening Star of Washington[74] which says: "During yesterday's session the Chinese delegation notified the conference that the peculiar political régime existing in that country, with foreign concessions, railway areas, settlements and leased quarters, gave foreign countries no right to install and operate radio stations without the express consent of the Chinese government.

"Chin-Chun Wang, chief Chinese delegate, repeated a statement made at the Washington Arms Conference to this effect and added that the Chinese government has not since withdrawn or modified that declaration." Wang added that no provision adopted by the present conference should be construed as infringing upon the declaration.

The minutes of the Eighth Plenary Session states that:

The Chinese Delegation, having been given the floor, makes the following declaration and asks that it be inserted in the minutes:

(1) As regards the radio stations in the leased territories or territories under concession, railway zones, legation lands, and other similar regions in China, the Chinese Delegation has the honor to take advantage of the occasion of the first Radio Conference at which China is represented, to draw the attention of all the members of the Conference to the formal declaration which was made at the time of the Conference on the Limitation of Armaments at Washington in 1921-22.

The Chinese Delegation takes advantage of this occasion to declare formally that the Chinese Government neither recog-

[74] Nov. 23, 1927.

nizes nor grants the right to any foreign power, or to those coming under the jurisdiction of any foreign power, to install or to operate without its express consent, radio stations in the legation lands, in the foreign colonies, on the concessions, on the territories leased, in the railway zones and in other similar zones.

The Chinese Government, since that time, has neither withdrawn nor changed this declaration.

(2) The Chinese Delegation considers that it is neither in the providence nor in the power of the Radio Conference to discuss or to pass upon affairs of a political character or for territorial jurisdiction, and consequently, has the honor to declare that nothing in the Convention, including the annexed Regulations, which will be adopted by this Conference, nor the decisions which might be made, nor the declarations which might be made by no matter what Delegation in the course of this Conference, nor even the references to such leased territories, mentioned in the documents of this Conference may be considered in any way, directly or by implication as affecting or changing the position of the Chinese Government, which appears from the declaration made by the Chinese Delegation during the Washington Conference in 1921-22, or any other official or authorized declaration.

The Chairman of the Chinese Delegation:

CHIN CHUN WANG,
Washington.

Probably the best summary, year by year, of what is going on in the field of electrical communications in China is furnished by the China Year Books. Although some of the factual and domestic material is not exactly germane to our subject, nevertheless the author wishes to end this chapter on China by quoting what the last available China Year Book (1926) has to say on the subject as a sort of summary

and bird's-eye view of the ground covered. (The less important material will be given in small type.)

The Chinese telegraph system dates from December 24, 1881, when the line from Shanghai to Peking was officially opened. Prior to this two short lines—Shanghai to Woosung and Tientsin to Taku—had been constructed under foreign and Chinese auspices respectively, and submarine cables were in operation at Shanghai and Hong-Kong. During 1882 the telegraph line was carried up the Yangtze Valley from Shanghai, at first to Chinkiang and Nanking, and by 1884 to Hankow.

The Chinese Telegraph Administration—a commercial undertaking started by Sheng King-Pao—was formed in April, 1882, under government control, and took charge of all the government lines. A second private company—the Wahop Company, formed in May 1882—built a line from Canton to Kowloon (July 1883) and connection with Hong-Kong was made in January, 1884. In August, 1884, Peking was linked up with Tientsin. A line connecting Shanghai and Canton, built by the Government, was opened in October, 1884, and about the same time the Shanghai-Tientsin line was extended to Shanhaikuan and Paotingfu, with branches from Tsinanfu to Chefoo and Tsingtao. In 1897 a line across Mongolia from Kiachta to Peking gave China land-telegraphic communication with Europe.

Telegraph conventions have been made with the three cable companies operating in China; with Russia and Japan regarding the Manchurian telegraph system; with Japan regarding the cables between Dairen and Chefoo and between Shanghai and Nagasaki; with India and France regarding the connection at the Burmese and Indo-Chinese frontiers.

The Cable companies operating in China are:

1. The Great Northern Telegraph Co., Ltd., of Denmark.
2. The Eastern Extension, Australasia and China Telegraph Co., Ltd., (British).
3. The Commercial Pacific Co. (American).

By an agreement made in April, 1911, the Great Northern and Eastern Extension Companies advanced to the Chinese Telegraph Administration the sum of £500,000 for the immediate development of telegraphs and telephones in China. The foreign companies make quarterly payments to the Chinese Telegraphs of a percentage of their revenue from foreign telegrams, and the advance was made against these payments for the next eighteen years, at five percent interest; repayment of the loan and interest to be effected by thirty-six half-yearly installments. Until 1930 under the agreements with these companies, the total charge per word for telegrams between China on the one side and Europe and America on the other side is not allowed to be unequal.

CHINESE GOVERNMENT TELEGRAPHS

Until 1908 the Chinese land-lines were operated by a Chinese company under government control. In that year the Ministry of Communications took over all land lines from the company and the Provincial Governments. The Head Office of the Telegraph Administration remained at Shanghai until 1912, when it was transferred to the Telegraph Department of the Ministry of Communications. Wheatstone apparatus has been installed on the following circuits: Peking-Tientsin, Peking-Shanghai, Peking-Hankow, Peking-Taiyuanfu, Peking-Chengchow, Peking-Sianfu, Peking-Mukden,

Mukden-Harbin, Mukden-Kirin, Mukden-Changchun, Tientsin-Shanghai, Tientsin-Mukden, Tientsin-Chefoo, Hankow-Shanghai, Hankow-Canton, Hankow-Changsha, Hankow-Chungking, Hankow-Chengchow, Chungking-Yunnanfu, Shanghai-Foochow, Shanghai-Chefoo, Chefoo-Tsingtao, Chefoo-Dairon. . . . .

WIRELESS TELEGRAPHY

The first wireless plant to be installed for commercial use, in China, was a private installation in the Palace Hotel, at Shanghai. Owing to Chinese protests, the station, which was of very limited range, was closed down. A complete list of wireless installations now operated in China by or on behalf of the Chinese Government, and by Foreign Powers, will be found on pages 381-385. The large Mitsui station, at Shwangchiao is now completed. The acute differences of opinion which have arisen in connection with the Federal Wireless Loan, providing for the erection of a high-power wireless station at Shanghai, and less powerful installations at Peking, Hankow, Canton and Harbin (both the Marconi and Mitsui companies claiming that it violates the terms of contracts previously concluded with them) have still to be adjusted.

The large Mitsui station at Shwangchiao between Peking and Tungchow is now completed and has successfully carried out a long series of continuous day and night tests with Bordeaux, Nauen, and San Francisco, and the Marconi Station at Brentwood (England).

The taking over of this station by the Chinese government is still under consideration and prolonged negotiations are likely to ensue owing to the complicated position in which the Chinese Government find themselves placed through their conflicting agreements with the Mitsui, the Marconi, the Federal Companies, and the Cable companies. All efforts to reach an amicable settlement of this problem on the basis of the proposals made at the Washington Conference, have so far failed, but discussions are continuing.

The Federal Agreement provides for the erection of a high power wireless station at Shanghai and medium power stations at Peking, Hankow, Canton, and Harbin. So far no actual construction work has been commenced with this contract, although sites are said to have been selected.

The Marconi twenty-five K.W. arc station at Urga which was completed in 1920 is still in the hands of the Soviets and stated to be rendering a regular service with Moscow.

The Marconi arc station at Tihwafu was completed in 1922 and the Marconi arc station at Kashgar was completed in 1923. Both these stations have carried out tests successfully with Indian stations and have demonstrated the practicability of a direct telegraphic service with Peking.

The Ministry of Communications is now drafting a set of regulations governing broadcasting and hopes to promulgate the same at an early date.

Several amateur Radio Societies have been formed but their efforts are severely handicapped by the lack of any Government recognition.

In Shanghai the Kellogg Switchboard and Supply Company is now transmitting a daily program of orchestral and vocal entertainment, news, stock quotations, etc., on a wave length of three hundred thirty-five meters. Numbers of amateurs in Tientsin and Peking receive good signals from this Broadcasting Station.

The Chinese Government has in course of preparation a law requiring all ships in Chinese waters of more than five hundred tons to be equipped with wireless. This is in accordance with "The International Radio Telegraphic Convention," to which China has now been admitted.

CHAPTER IV

The Pacific

We have seen how the Eastern and the Great Northern Companies secured secret monopoly agreements in China which were aimed against the United States and designed to prevent the laying of a trans-Pacific cable except upon such terms as the companies might demand. Not only the companies but the British Government was apprehensive as to the part the United States was likely to play in the Far East in the future. The absence of a direct trans-Pacific cable, operated by American interests, would tend to minimize American influences in that sector of the world.

Only a few months before the outbreak of the Spanish-American war, the Eastern secured at Madrid a monopolistic cable concession covering the Philippines. Naturally after our acquisition of the Philippines there was an active movement in the United States for an American cable across the Pacific. The British cable companies desired to prevent such a cable and designed a scheme which fulfilled their purpose. When later a trans-Pacific cable was laid, the British (Eastern) and Danish (Great Northern) companies held respectively fifty and twenty-five percent of the stock of the company, a fact that was not known publicly until 1921.[1]

[1] Hearings on Cable Landing Licenses, U. S. Senate, S. 4301, p. 270.

This chapter will attempt to trace the steps by which the trans-Pacific cable was conceived, built, and controlled. The Pacific was the last ocean to be bridged, due not so much to the technical as to the political and economic factors. However, when a trans-Pacific cable was first seriously considered in 1870 (about the same time far-reaching cable activities started in China) the technical difficulties appeared insuperable. Therefore, Mr. Cyrus Field and other American capitalists [2] considered a roundabout route connecting California with China by way of Alaska. This project, however, was later abandoned.

Charles Bright [3] has the following to say about this project: "By one of the schemes the total length of submarine cable required would be only about seven hundred fifty miles. This was by a line across the Bering Sea touching at various islands of the Aleutian group (about a hundred in all) on the way. Most of the sections would thus be in quite shallow water—say thirty fathoms—but some might have had to go to very great depths in certain places, near some of the islands. The Bering Straits would have still further reduced the length of cable involved to but little over fifty miles, indeed. This route, however, was debarred partly on account of the presence of ice and snow together with the absence of soundings by sea, but also owing to it being an imprac-

[2] Ibid., p. 72, note 5. See also Report of the New York Chamber of Commerce on Pacific Ocean Telegraphs, 1871.

[3] Submarine Telegraphs, 148.

ticable route on each side for the erection or maintenance of any land lines."[4]

That the United States Government was interested in the matter is shown in a letter from Vice-Admiral David D. Porter to Cyrus Field[5] under date of May 9, 1870. This letter is also representative of the opinions of far-sighted men of the time on this subject. Vice-Admiral Porter says that of the two routes suggested by Cyrus Field he prefers the route via the Sandwich Islands (Hawaii) to that along the Aleutian chain. He prefers the Hawaiian route because "Honolulu is bound to be the principal stopping place between China and California, and a

[4] U. S. Bureau of statistics (Treasury dept.). Submarine and land telegraph systems of the world. (From the Summary of commerce and finance for January, 1899, gives in a valuable chronological table the history of cables starting with the year 1795.) It reads:

1871. Cables laid by the Great Northern Telegraph Company along the Eastern coast of Asia connecting Hongkong, Shanghai, and Nagasaki with the terminus of an overland telegraph line running from St. Petersburg through Russia and Siberia to Possiet Bay near Vladivostok, Siberia. This transcontinental land line had been constructed after the failure of the Atlantic cable in 1858 with the purpose of obtaining land telegraphic communication between Europe and America by way of Russia and Siberia, with a short cable across Bering Straits and a line thence through Alaska and British North America to the United States. The project was, however, abandoned on the success of the Atlantic cable in 1866, and the line from St. Petersburg to the eastern coast of Siberia was utilized to connect the European telegraphic system with the newly laid cable lines along the eastern coast of Asia, stretching southward from Vladivostok by way of Nagasaki and Shanghai to Hongkong, Straits Settlements, and Australia.

[5] Telegraph Line across the Pacific. Listed in Library of Congress under HE 7731, 1870.

point of great importance to American commerce, especially if the Sandwich Islands become, as I have no doubt they ultimately will, a part of the United States." After discussing the disadvantage of entrusting vital communication facilities to other nations, he says, " it can easily be seen what an advantage this freedom of communication would be to our people in the great race for supremacy in China.

" For this supremacy in the East Indies our people are aiming, and history shows that its attainment has always given great wealth and power to the successful nation.

" I am of the opinion that telegraphic communication between California and China is a necessity, and the sooner Congress takes a substantial interest in the matter the better it will be for the country."

Congress did bestir itself in 1873 by inserting in the naval appropriations act of that year the provision " that the Secretary of the Navy be, and he hereby is, authorized to make soundings between the Western coast of the United States and Japan, for scientific purposes, and for the purpose of determining the practicability of laying a telegraph cable between these two points."[6] Congress did not appropriate any money for the undertaking, however.

From this time until 1921, Congress became passive and soon left the control of cable landings to

[6] 17 Statutes at Large, 547-556. Act of March 3, 1873.

the executive branch of the government.[7] President Grant stated in his message to Congress in the year 1875 that:[8]

I. No line should be allowed to land on the shores of the United States under the concession from another power, which does not admit the right of any other line or lines, formed in the United States, to land and freely connect with and operate through its land-lines.

II. No line should be allowed to land on the shores of the United States which is not by treaty stipulation with the government from whose shores it proceeds, or by prohibition in its charter, or otherwise to the satisfaction of this government, prohibited from consolidating or amalgamating with any other cable, telegraph line, or combining therewith for the purpose of regulating and maintaining the cost of telegraphing. . . . .

I present this subject to the earnest consideration of Congress.

In the meantime, and unless Congress otherwise direct; I shall not oppose the landing of any telegraphic cable which complies with and assents to the points above enumerated, but will feel it my duty to prevent the landing of any which does not conform to the first and second points as stated, and which will not stipulate to concede to this government the precedence in the transmission of its official messages, and will not enter into a satisfactory arrangement with regard to its charges.

[7] John Bassett Moore, Digest of International Law, II, 452, gives the opinions of the various Attorneys-General on the matter. Since Attorney General William in 1872, the executive has uniformly conformed to the principle of preventing cable landings unless certain regulations were complied with.

[8] Ibid., p. 455.

The views of President Grant were accepted by Congress and soon incorporated in conditions accompanying "an act to encourage and promote telegraphic communication between America and Asia,"[9] granting C. Caesar Moreno and others the privilege of laying a cable between the American and Asiatic continents. However, this was admittedly a money making scheme rather than a business proposal and nothing more was done toward the building of cables in the North Pacific until the year 1890. Money could be more profitably invested in the domestic industries of the United States than in cable adventures, and individuals and the United States Government assumed a carping attitude towards cables which prevented the laying of a cable across the Pacific to Asia until 1904, the after affects of which have had well nigh disastrous results recently in China and the Far East.

In the meantime, Great Britain had a surplus of capital seeking investment abroad. The next episode deals with the fight of the British Government with British cable corporations before the era starting with our acquisition of the Philippines at which time the British Government began to back her monopolistic companies to the exclusion of the interests of other nations. The episode ends with the laying of an All-British or All-Red cable, which was mainly valuable for strategic purposes, from Canada to Australia, before the laying of the sorely

[9] 19 Stat. L. 201. Act of August 15, 1876.

needed cable across the Pacific from the United States to Asia.

The plan for an All-Red government owned cable from Canada to Australasia was first broached in the early seventies. The Canadian-Pacific Railway mentioned it in its official returns for 1880 and the subject was touched upon at the Colonial Conference of 1887. Definite action did not come until the Conference in Ottawa in 1894.[10] When tenative plans were made concerning the laying of this cable it was found that the Empire possessed an abundance of islands in the South Pacific which could be used as relay points for a cable but that there was a paucity of such islands and relay points in the North Pacific. As the effective working distance of an unrelayed cable is only about two thousand miles [11] and as there were no British possessions within three or four thousand miles of Vancouver in the general direction the cable would have to be laid, the question arose whether to lay stress on the commercial aspect of the projected cable using the Hawaiian islands as a relay point or whether to stick to the original proposal to have the cable touch only British soil. With characteristic opportunism, the British tried to settle the question by laying claim to one of the outlying Hawaiian islands. Their effort is described

[10] Blue Book, Cd. 7553.

[11] The transmitting speed of a cable is inversely as the square of the length. This seems to be particularly noticeable at distances of over two thousand miles.

in the eighteenth Annual Report of the Hawaiian Historical Society as follows:[12]

In May, 1857, the Hawaiian Government had sent an expedition under Captain John Paty, to take possession of the islands and reefs to the northwest. It happened that no landing could be made at that time on Necker Island, a rocky islet about four hundred miles N. W. of Kauai.

In May, 1894, it became evident that this defect in the Hawaiian title to Necker Island had been discovered by the promoters of the "All British Cable." A Canadian gentleman, connected with the cable enterprise had made minute and significant inquiries about that island on his arrival in Honolulu. At the same time it was observed that H. R. M.'s cruiser "Champion" was in port, preparing to go to sea, ostensibly on a target practice cruise. In order to forestall any question about the ownership of the island, the Cabinet decided to act at once. Accordingly on the 25th of May, 1894, the steamer "Iwalani" was chartered, provisioned, and despatched for the Island on short notice, under the command of J. A. King.

The Hawaiian flag was raised there on the 27th, and due proclamation made that the island had been taken possession of in the name of the Hawaiian Government.

[12] p. 57. In 63 Victoria, A. 1900, Sessional Papers Nos. 55-55b. (See Canada, Dept. of Sec'y of State, Pacific Cable, Session 1900, p. 28), in a letter from Sanford Fleming to the Hon. J. Israel Tarte, Minister of Public Works for Canada, the former states:

"In crossing the Pacific in September last, the undersigned made careful inquiry regarding Necker Island. It is a small, rocky treeless spot in the middle of the ocean, less than three-quarters of a mile long, and 1000 feet broad with an extreme elevation of 280 feet. . . . . Necker Island is perfectly valueless for any ordinary purpose, its geographical position only gives it importance as a desirable point for landing a submarine cable between Canada and Australia."

That some Englishmen still considered that the cable should have a relay point in the Hawaiian Islands, even though the Islands were not British possessions, is brought out in a confidential report of Carlyon W. Bellair, in " The Routes of Submarine Cables," which after summarizing the results of the conferences held in regard to a Pacific cable states, " From a business point of view, then, the committee acknowledges that the Hawaii route is the right one." [13]

Things drifted along until as Charles Bright states [14] " On Mr. Chamberlain becoming Colonial Secretary things began to bear a different aspect. He immediately took the matter up and appointed a Royal Commission to consider the whole question. The commission composed of representatives of the Treasury, the Colonial Office, and the Colonial Governments, with the Earl of Selborne as chairman—commenced its deliberations in June, 1896. It examined various expert witnesses on the whole subject besides which the Colonial office was furnished with a report from the present writer as to the practicability of the scheme. The Commission issued its report in favor of the project in January, 1897. But the report was not made public until April, 1899, after the lapse of two years and four months, during which various offers were made by the Associated

[13] Listed in the Library of Congress as HE 7731, 1900.
[14] Imperial Telegraphic Communication, 77.

Telegraph Companies to effect the same object and maintain control of the cable system of the world.[15] In the end, tenders were invited from various contractors; and on December 4, 1900, the Telegraph Construction and Maintenance Company were entrusted with the manufacture and laying of the line."

It has long been the dream of some Englishmen who lived to see "Penny Postage" established throughout the Empire, to see "Penny a Word Telegrams throughout the Empire."[16] A chance to try out the idea was presented, when as we have seen, after years of agitation and the vigorous op-

[15] James A. Scrymser, Letter . . . . to Hon. W. P. Hepburn . . . . New York, 1897, p. 10. (Catalogued in Library of Congress as HE 7731, 1897), gives an extract from The Electrician, April 20, 1894, XXXII, No. 831. Companies, meetings and reports in which Sir John Pender, of the Eastern Extension Australasia, and China Telegraph Company, Ltd., makes a speech as chairman, stating:

A Pacific cable is not wanted to meet commercial requirements, the existing service to Australia being acknowledged to be one of the most efficient and cheapest in the world, capable of transmitting a far greater traffic than it at present carries. Consequently to put down another line of cables on commercial grounds, at a cost of nearly two millions sterling or four millions sterling, if duplicated, would be simply throwing away money, and promoting unnecessary and ruinous competition; and as the existing system was established by private enterprise, without any governmental assistance whatsoever, Her Majesty's government could not in equity grant pecuniary aid to the proposed competing line without subsidizing or guaranteeing our cables to at least the same extent. If, however, a Pacific cable is required for strategic purposes, which I very much doubt, and the Governments concerned are prepared to enable it to be carried out, then it would be better and cheaper for them to arrange with us to do the work.

[16] See paper of Mr. Henniker Heaton in Journal of the Royal Colonial Institute, part 1, XI.

position of the same British cable companies that had secured monopolistic concessions in China; Great Britain, Canada, Australia, and New Zealand cooperated in one of the finest State-owned undertakings in the British Empire, laying in 1902 a cable connecting Canada and Australia by way of Fanning Island, Suva (Fiji) and Norfolk Island. The first section from Vancouver to Fanning Island is the longest unrelayed [17] stretch of cable in the world and is very expensive; nevertheless, as pointed out above, a proposal to use Honolulu as a relay point was rejected because it was not British soil and the desire was to have an "All-Red" cable.

This All-Red cable, as it was called, has proved very successful. In the year of 1921-22 it carried more than ten million words and in the first twenty years it was able to accumulate a reserve sufficient to duplicate the cable.[18] This record was due in great part to the able management of the cable by the Pacific Cable Board, on which the countries concerned are represented. During the war the cable fulfilled the dreams of its founder, who had foreseen the advantages such a cable would be in time of war. The rates charged on this government cable are decidedly lower than those on the private cable between the United States and the Far East and as

[17] This is very exceptional. Britain with her innumerable relay points on her many outposts of empire has an almost insuperable advantage in the cable situation.

[18] J. M. Myers, "A Great Imperial Asset," in National Review, Nov., 1922, LXXX, p. 467.

soon as duplication is carried out the Board hopes to reduce the charges by a large percentage.

Of present interest to Americans or from the international view-point is the fact that although the original cable carefully avoided Honolulu, it has been proposed to build a new inter-colonial or All-Red duplicate cable via Honolulu, as the long Canadian-Fanning Island stretch would be very expensive to duplicate and maintain. Connection at Honolulu would also provide another link between Australasia and the United States and, through the system of the Commercial Pacific Company, would open up large sections of the Pacific with which Australia has no contact at present.[19]

An interesting epilogue to this episode concerning the All-Red cable is given by Charles Bright.[20]

[19] The present communications of Australia, both cable and radio, will be given in a brief sketch of the communications of Pacific area near the end of this chapter.

[20] Imperial Telegraph Communication, 84. The author does not wish to devote too much space to this episode as it deals primarily with inter-imperial relations although it has many international aspects. Further information concerning this episode may be found in Johnson, Annals of the Pacific Cable and in the Annual Reports of the British Pacific Cable Board. See also:

Great Britain, Treasury, Pacific Cable Board. (Last statement of accounts from British treasury.) Return to an order made by the Senate on 23rd November, 1905. (Printed and published for the Government of Australia.)

Canada, Dept. of the Sec'y of State. Agreement between New South Wales and Eastern Extension Company and further correspondence with reference to the Pacific Cable.

Canada, Dept. of Sec'y of State. "Documents relating to proposed British Cable, Ottawa, 1899," contains documents giving all sides

"If Britannia is to continue to rule the waves she will have to continue to keep a sharp look-out in the Pacific as a probable scene of any future naval warfare; and naval strategists appreciate the fact that the combinations on which naval supremacy will depend require direct communication with the nearest coaling stations as well as with headquarters." Again on page eighty-seven he states: "There may yet come a moment when the Mother Country and her children will have things to say to each other which strangers should not overhear. Our cables are indispensable to a properly organized intelligence department; and one of the most important advantages of an All-British system is its privacy, whether in time of peace or of war." On page 174 he adds: "At present, thanks to the Pacific cable, the Dominion of Canada is better supplied with news from Australia and New Zealand than with news from the Mother Country."

Having discussed this episode of the All-British or All-Red cable we take up again the subject which is far more vital to Americans, namely the story of the cable across the North Pacific which was finally laid in 1904. Peculiarly enough, Hawaii seemed more interested in an American cable than the United

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of the question together with an excellent detailed history of the whole project, starting p. 52.

L. A. Thurston. "Memorandum concerning a Pacific Cable" 1895, which was printed by the Hawaiian Star gives a readable although not impartial or complete account of activities with regard to the Pacific Cable.

States itself, as General Hartwell secured from the Hawaiian Legislature an act under date of November 15, 1890, giving him an exclusive franchise and a yearly subsidy of $25,000 for fifteen years if he would furnish telegraphic communication between Hawaii and the United States by January 1, 1894. After organizing a company in San Francisco, General Hartwell went to Washington where he saw to it that a bill (S. 4947) was introduced into the Senate on January 27, 1891, giving his company ("Pacific Cable Company"), a franchise, and an annual subsidy of $200,000 "for the purpose of constructing and operating submarine cables from San Francisco to the Hawaiian Islands and thence to New Zealand and Japan." The bill was passed in the Senate but defeated in the rush of the last day's session in the House. This was the first of a long series of bills brought to the attention of Congress upon the subject of a Pacific cable. Perhaps this bill served to stir up interest as the U.S.S. Albatross and Thetis surveyed the route from San Francisco to Honolulu shortly after.[21]

In 1894, a Commission, appointed in consequence of a resolution presented at the Ottawa [22] conference, and made up of Mr. Mercer of the British Colonial Office, Mr. Sanford Fleming of Ottawa, together with Captain Hawes, the British Commissioner and Consul-General, called upon the Hawaiian cabinet

[21] Eighteenth Annual report of the Hawaiian Historical Society.
[22] See above, Note 10.

with the object of obtaining neutral landing ground on one of the Hawaiian Islands, in order to preserve the " All-Red " character of the proposed Canada to Australia cable. They merely asked for a lease which would grant privileges only for cable purposes. They would give service both North and South with a rate of one shilling a word to the United States. The British commission also intimated that a subsidy of £7,000 a year would be welcome.

The Hawaiian Cabinet said that they were bound by the terms of the Reciprocity Treaty not to make any cessions or grants to nations other than the United States. The commission then suggested that the lease be made to an individual, which trick the Hawaiian Cabinet refused to accept. British bulldog tenacity led the commission to still further suggest an agreement subject to the approval of the United States government. The Commission claimed to have inside information that the United States administration would favor them. However, Hawaii refused to be trapped.

The prophecy of the Commission was partly true, as President Cleveland,[23] when the correspondence was referred to him, recommended the granting of the lease saying that the United States had no fear of future British aggression in the matter. Both Houses of Congress, however, took a different view

[23] Eighteenth Annual Report of the Hawaiian Historical Society, 60.

of the matter and Cleveland's proposal died in Committee.[24]

Shortly after, the Senate passed an amendment to the Diplomatic Appropriation bill, giving the President authority to contract for a cable from California to Hawaii and granting $500,000 for the first payments thereon. The House rejected the measure, because of the prevailing sentiment against government ownership of transportation and communication facilities.

Meanwhile a bill [25] (No. 8838) was introduced into the House on February 11, 1895, to incorporate the "International Pacific Cable Company" which was

[24] For a good condensed account of the activities in connection with a Pacific cable from the years 1860-1898 see: Hearing before the Committee on Interstate and Foreign Commerce. House of Representatives Pacific Cable Bills. H. R. 5989 and H. R. 5499. 1898. (Cited Pacific Cable Bills), pp. 16-17. On page 4 of the above, Mr. Scrymser, who was head of the most important American cables, namely those to South America, stated on Jan. 18, 1898, that "There are some things going on in the cable world which I think should be understood by our people. Since the Venezuelan question came up four years ago, England has been quietly surrounding our country with ocean cables. At this very moment a cable is being laid from Bermuda to the island of Jamaica. There are already three lines to the West Indies. The underlying idea of that cable is to enable Great Britain to connect her great naval depots of Halifax, Bermuda and Jamaica and make them independent of cable communications through the United States." Fortunately from our point of view, the Spanish-American and especially the Boer War with its attendant complications in Europe made the Caribbean an American sea in a very few years.

[25] Eighteenth Annual Report of the Hawaiian Historical Society. Supplement; A list of bills introduced into Congress with regard to a Pacific cable, 72.

a revamping of Hartwell's "Pacific Cable Company," but contained no subsidy provision. The Senate and House bills seemed to militate against each other and the House bill was laid on the table.

Again, Hawaii granted Colonel Z. S. Spalding in 1895 an exclusive franchise for twenty years together with $40,000 a year [26] on condition that the United States should also assist in the project and that communication between Hawaii and the United States be established by November 1, 1898. Spalding made preliminary arrangements for the cable in England [27] and then formed the Pacific Cable Company of New Jersey.

Senate Bill 1316 (and a similar House Bill No. 3449) provided for a payment of four percent annually of the cost of a cable to Honolulu (less the

[26] Pacific Cable Bills, Mr. Wager Swayne remarks on page 26 that: In consideration of which [franchise] he [Col. Spalding] agreed that the first cable should be laid to the United States, and that he would also in consideration of an annual subsidy of $40,000, lay for them and maintain during that period, an interisland line.

[27] Ibid., p. 26. Now, the first of those objections [of Mr. Scrymser] was that this was in fact an English company, and this house was made to ring with charges of that kind. I wish to say that this company is and was an American company. . . . . Of these [subscribers of capital stock], there were five, General Dodge, who built the Union Pacific railway, Colonel Spalding, Colonel Tyler, and myself—four of us at laest had done that which is the utmost a man can do and continue alive to show ourselves pretty good Americans. There were four others—Abram S. Hewitt, of New York; James J. Hill, president of the Great Northern Railroad; D. O. Mills, formerly of California, now of New York, and Fred D. Grant the President's son—who can scarcely be open to the charge of being un-American; . . . . .

Hawaiian subsidy of $40,000). United States government messages were to be free. This bill was amended in committee, especially the financial arrangements. Of interest to us is the provision that a line to Japan was to be in operation by July 1, 1900.

Meanwhile Mr. J. A. Scrymser, who figured so largely in our chapter on South America, in conjunction with J. Pierpont Morgan, and some associates of the latter, incorporated the Pacific Cable Company of *New York* with (1896) a capital stock of ten millions. To avoid the exclusive franchise which Spaulding had with Hawaii, Scrymser proposed to lay a cable to Japan via Hawaii, depending upon exclusive United States treaty rights with Hawaii as to entrance into Honolulu harbor, to give him access to Hawaii.

A perusal of the House Hearings on the " Pacific Cable Bills " (1898) gives one an idea of the bitterness of the struggle between these two companies. Perhaps this very bitterness had a great deal to do with the failure of all the bills which the two companies introduced in Congress. Mr. Scrymser refused to combine with the Pacific Cable Company of *New Jersey* because of the clause in the Hawaiian Concession which required the building of inter-island cables in the Hawaiian Islands. Wager Swayne says to the House committee,[28] " You will understand that the islands are so situated as to be more

[28] Pacific Cable Bills, 26. Coral reefs tend to damage or destroy cables.

in need of an interisland line than any other place in the world, because there is not traffic enough between the islands to support a line of mail steamers, and the only opportunity for them to have reasonable and frequent communication is by an inter-island telegraph line."

Mr. Scrymser's company maintained a large lobby with considerable influence in the House. His company issued a pamphlet, which stated that the New Jersey company was under the thumb of Sir John Pender, the head of the Eastern Extension Company, also that they intended to build only as far as Honolulu and then block the laying of a cable to Asia. Mr. Wager Swayne, counsel for the New Jersey company, replied [29] to this contention as follows: "The next matter charged,—was that we proposed to build only to Honolulu. The feeling I had about this was that while it was untrue as a matter of fact, it was, nevertheless so far liable to become true that if I were a member of your committee I would feel that it was a situation against which it was necessary to take precautions, because almost all the cable stock in the world is represented and owned in London, and while the Pacific Cable Company of New Jersey was as thoroughly an American company as could be, nevertheless if Mr. Spalding died, or Mr. Hewitt died, or any two or three of us, then the stock belonging to their estates might be owned in London within

[29] Pacific Cable Bills, 26.

six months, and I said to my clients, this is a suggestion, which if I were on the committee, I would certainly treat with full consideration. Thereupon we changed our plans. Arrangements were made with two great Eastern Telegraph Companies—the Great Northern, the headquarters of which are at Copenhagen, and which has the exclusive right to build cables from Japan eastward to China, and also with the Eastern Extension Company, which runs all through Australia—which enabled us to come before you with an amended bill, introduced by General Curtis on December 11, 1896 (H. R. 9597), binding us to build clear through to Japan. After consulting my friend, General John W. Foster, I put a clause in the bill which was introduced by General Curtis, that the President be requested to invite the Government of Japan to take a hand in the project and bear part of the expense." Another bill prepared by the New Jersey company provided for the conditional extension of the line to Japan and Australia.

Peculiarly enough General Hartwell appeared for the New York company before the Hawaiian Government on February 3, 1897, requesting them to grant his company a cable concession with almost the same conditions which Colonel Spalding of the rival New Jersey company acceded to. For instance, the New York company agreed at this time to establish inter-island cable communication.

Another action which might have ended the rivalry of the two companies was the appearance of Colonel Spalding of the New Jersey company before the Hawaiian Government on May 3, 1897, at which he gave notice of the cancellation of his contract with them because the time limit on the construction of the cable had run out three days before, May 1st. This notice was accepted by Hawaii.

The rivalry continued, however, as General Swayne, counsel for the New Jersey company, had introduced a bill into the House (No. 5499) authorizing the Postmaster-General to let the contract for a cable to Hawaii and Japan to the lowest responsible bidder. This bill was met by House Bill Number 5989 [30] which authorized the Postmaster-General to contract specifically with Scrymser's company (the New York Co.) for a line to Japan. Mr. Scrymser stated [31] that "This is to be an American cable from San Francisco to Hawaii and from there to Japan, and I would like to state for the information of the committee that I am in friendly relations with the Danish Company (Great Northern) which has communication between China and Japan, and Japan and Russia. With this line of communication from San Francisco to Japan and Russia, no European power would dare to interfere.

[30] The heading of this bill stated that its purpose was "to facilitate the construction and maintenance of telegraphic communication between the United States, the Hawaiian Islands, Japan, and China and to promote commerce."

[31] Pacific Cable Bills, 7.

"It is unfortunate that the French cable from Brest to this country and all the English cables land in Canada. Our cable, as a strategic line on the Pacific, would have the support of the United States, Japan, and Russia, because it would be an independent means of communication."

Asked why his company desired a subsidy, Mr. Scrymser stated: "England is paying about $1,000,000 a year as subsidies to cable companies. We have got to go into a field already occupied by English companies, and I do not think ten millions of dollars of capital could be raised by an American company without in some way receiving aid from our government."

In the same hearings on the same bill Mr. Edmund L. Baylies, also in behalf of the Pacific Cable Company of New York, states:[32] "The bill also provides that in case of war or other emergency the Government shall have the right to take control of the line and operate it, and that the Government shall at all times have the supervision over the messages that go over it, and may restrict the character of any messages that pass over the line. . . . .

"The president is to indicate what shall be considered official messages; that is, what messages the Government will be authorized to transmit, without payment over the lines of the company.

"The bill further safeguards the interests of the public by providing that the rates per word on all

[32] Ibid., p. 15.

messages shall not exceed a maximum of $1 a word between San Francisco and Japan, or San Francisco and Australia, and 35 cents per word between San Francisco and the Hawaiian Islands.

"Practically, the money we ask the United States Government to give us is the money that will make our reserve fund. In other words we do not see business enough to pay our operating expenses and pay a moderate rate of dividends and also establish a reserve fund unless we have the Government's assistance, and it is for that reason that we come here." [33]

At this time when the country was trembling on the brink of far-reaching events and the hegemony of the Caribbean and the Pacific were about to change, House Bill No. 8961 was introduced on March 8, 1898, to take the place of all previous measures on this subject. The subsidy to Scrymser's (New York) Company was reduced to $100,000 a year. Bonds to the extent of $250,000 were to be deposited by the company with the Government. The company proposed to finish laying the cable to Hawaii by January 1, 1900, and to Japan by January 1, 1901.

As stated above, General Hartwell in behalf of the New York (Scrymser-Morgan) company, had made an agreement in which the company reversed their former attitude concerning the laying of an inter-island [34] cable in Hawaii and further promised not to

[33] Ibid., p. 23.

[34] Radio Communication, Hearings before the Committee on the Merchant Marine and Fisheries, House of Representatives, Sixty-

ask Hawaii for a subsidy if the United States favored their project. The company asked and obtained

Fourth Congress. Second Session on H. R. 19350. A Bill to Regulate Radio Communication, January 11-26, 1917. On page 22 of the above, Commander Todd states:

"Hawaii is well covered already by an existing system, where, on account of cheapness, they use radio between the islands instead of laying cables." Commander Todd states on the same page that there were three commercial wireless companies in Hawaii at the time (1917): the Mutual Telephone Co.; a local inter-island and ship to shore company; the British Marconi Company (interests now taken over by the Radio Corporation of America); and the Federal Telegraph company of California.

In the same hearings, pp. 387-393, Mr. J. A. Balcher, Treasurer of the Mutual Telephone Co. of Hawaii and superintendent of the Wireless Department of the Company, tells in a carefully prepared and comprehensive statement the history of the failure of the attempted inter-island cable project due to the ocean depths and the destructive action of the coral reefs, and the history of inter-island radio-telegraphy and the efforts of his company in that connection, together with the final very successful establishment of inter-island wireless communication. At the request of the Hawaiians interested in the project the Marconi companies had a great deal to do with the establishment of inter-island wireless communication in Hawaii.

Mr. Balcher states further on page 395, "While apparently not very much is known in the Capitol here, I will say that the Japanese Government has been watching our service between the islands for many years. The first engineer they sent out was an engineer by the name of Wichi Torrikata. He is now chief radio engineer in the department of communication in Japan. Mr. Torrikata made an examination of our system as early as the year 1911. During September of last year the Japanese Government, wishing to establish a system of inter-island communication between the islands of Japan sent an engineer by the name of E. Yokahama to Honolulu to study our system and the methods employed there in communication between the islands. Mr. Yokahama was very much impressed with the simplicity of our system, its accuracy, and the way we handled a large amount of traffic with a limited number of men. So much impressed was Mr. Yokahama that he telegraphed to Japan a very favorable report of our system" [which Mr. Balcher thought was later adopted].

from Hawaii an exclusive franchise lasting twenty years (from July 2, 1898) for a cable from Honolulu to Japan as a counter-balance to the monopolistic efforts of the Eastern Extension and Great Northern Companies in the Orient.

Unfortunately, there was a joker in this contract which provided for the approval of the Department of State. Secretary Hay disapproved the contract because of the intervening annexation of Hawaii on August 12, 1898. He said that the question was one for action by Congress.[35] Thus faded the scheme of

[35] United States, Department of State, Hawaiian Cable Concession. 1898.

Secretary Hay disapproved the contract or indenture because "pursuant to a Joint Resolution of the Senate and the House of Representatives of the United States of America in Congress assembled, approved July 7, 1898, to provide for annexing the Hawaiian Islands to the United States, the sovereignty of the said Hawaiian Islands was yielded up to the United States on the 12th day of August, A. D. 1898, becoming thenceforth vested in the United States of America;

"And whereas, in view of the Provisions of said Joint Resolution for the determination by the Congress of the United States of all matters of municipal legislation concerning the Hawaiian Islands, and because the subject matter and provisions of said Indenture are deemed to be proper subjects for the consideration and determination of the Congress of the United States, it is deemed expedient and necessary that the Congress of the United States consider and adopt such legislation, especially in regard to grants and contractual obligations to be controlled by and rest upon the United States of America as vested with sovereignty over said Hawaiian Islands, without let or hindrance by reason of any action of the Government of the Republic of Hawaii in respect to such grants and contractual obligations initiated by the said Government of the Republics of Hawaii prior to and incomplete at the time of the yielding up of the sovereignty of the Hawaiian Islands to the United States."

Pierpont Morgan and J. A. Scrymser to establish a comprehensive system of cables in the Pacific.

In 1899, the survey of the ocean bed from Hawaii to Manila proved that the route via Guam missed the deepest parts of the ocean and was therefore practicable.

Our acquisition of the Philippines recreated interest in an American cable to the Orient. President McKinley mentioned it in his message to Congress in 1899. President Roosevelt in his first message to Congress, December 3, 1901, after stating that [36] "There is a wide-spread conviction in the minds of the American people that the great corporations known as trusts are in certain of their features and tendencies hurtful to the general welfare. . . . . It is based upon sincere conviction that combination and concentration should be, not prohibited, but supervised and within reasonable limits controlled; and in my judgment this conviction is right." [37] "I call your attention most earnestly to the crying need of a cable to Hawaii and the Philippines, to be continued from the Philippines to points in Asia. We should not defer a day longer than necessary the construction of such a cable. It is demanded not merely for commercial but for political and military considerations.

"Either the Congress should immediately provide for the construction of a Government cable, or else an arrangement should be made by which like ad-

[36] Messages and Papers of the Presidents, XV, 6647.
[37] Ibid., p. 6663.

vantages to those accruing from a Government cable may be secured to the Government by contract with a private cable company."

At least eighteen bills were introduced into the Senate and the House between January 7, 1899, and December 2, 1901; all relating to the construction of a cable across the Pacific.[38] As one party favored a Government cable and the other a subsidized privately owned cable, bills were passed again and again in one branch of the legislature only to fail in the other. Of the Government bills, some placed control of the proposed cable in the Post-Master General, others in a commission appointed by the President. Two bills favored the route via Alaska. Others attempted to revitalize the Moreno Act of 1876.

Another instance of the way in which the companies with which the English are connected, proceed to do things and then later find the most plausible justification for a *fait accompli* (we have already referred to the Miami Landing Incident, page 52 above) is illustrated in the methods of the company which was finally successful in laying the trans-Pacific cable.

To take up the first part of this story in detail, Mr. John W. Mackay (father of the present Clarence Mackay), the "Bonanza King" had formed the Commercial Cable Company. He with James Gordon

[38] Eighteenth Annual Report of the Hawaiian Historical Society, 68. See also Supplement, "A list of bills introduced into Congress in regard to a Pacific cable," 75-80.

Bennett had laid the first American cable across the Atlantic which cut the Atlantic cable rates in half.

With regard to the Pacific cable, Mackay bought a cable in England [39] and started a cable ship on the way to Hawaii with it. Being unsuccessful in securing an Act of Congress in his favor, he approached the executive branch of our government, but President Roosevelt decided that he didn't have the proper authority to act. On August 22, 1901, Mr. John W. Mackay dispatched a letter [40] to the Honorable John Hay, which told about his plans to connect the United States with the Philippines via Hawaii by cable unless prevented by force. He asked no subsidy. This action did not stop the introduction of cable bills into Congress, most of which bills proposed a government cable.

Upon the advice of the State Department, Mackay duly organized the "Commercial Pacific Cable Company" under the provisions of the Postal Telegraph Act of July 24, 1866. As this rather lenient, early Act of Congress (shortly after, American policy changed and has remained steadfastly and specifically national and patriotic ever since) has been the basis of British contentions from that time until 1921,[41] it may be well to give the provisions of the

[39] England has always been the best and sometimes the only source of supply of cables, due to her early and continued dominance of the field, her control of the sources of gutta-percha, etc.

[40] Senate Document No. 141, 57th Cong., 1st sess., p. 20.

[41] See Miami Landing Controversy in Cable Landing Licenses, or above, p. 52.

Act.[42] It provides "That any telegraph company now organized or which may hereafter be organized under the laws of any State in this Union, shall have the right to construct, maintain and operate lines of telegraphs through and over any portion of the public domain of the United States, over and along any of the military or post roads of the United States, which have been or may hereafter be declared to be such by Act of Congress, and over, under or across the navigable streams of waters of the United States." (Mackay's proposed cable was not to be laid to a foreign country but was to connect the United States, Hawaii, and the Philippines which were now parts of the United States. He therefore depended upon the above clause for his authority to lay the cable although it was stretching it a point to consider the cable which would be laid under the high seas as coming under the provisions of this act.)

"Provided that before any telegraph company shall exercise any of the powers or privileges conferred by this Act, such company shall file their written acceptance with the Postmaster-General of the restrictions and obligations required by this Act.

"That telegraphic communications between the several departments of the Government of the United

[42] Revised Statutes of the United States, Section 5263, or 14, Statutes at Large (39th Congress, 1865-67), p. 221.

For a Supreme Court case involving the limits of this Act of 1866 see Pensacola Telegraph Co. vs. Western Union Telegraph Co., 96 U. S. 1.

States and their officers and agents shall, in their transmission over the lines of any said companies, have priority over all other business, and shall be sent at rates to be annually fixed by the Postmaster-General.

"That the United States may at any time after the expiration of five years from the date of the passage of this Act, for postal, military or other purposes, purchase all the telegraph lines, property and effects of any and all of said companies, at an appraised value, to be ascertained by five competent, disinterested persons, two of whom shall be selected by the Postmaster-General of the United States, two by the company interested, and one by the four so previously selected."

The Act further provides "that the lines of such company shall not be constructed or maintained so as to obstruct the navigation of any waters of the United States, or interfere with the ordinary travel on military or post roads."

The Commercial Pacific Cable Company obligated itself not to charge over 35 cents per word for messages between San Francisco and Honolulu, or $1 a word for messages to Manila or China.[43] What was more important in the light of succeeding events was the promise never to accept exclusive privileges from any foreign government, or to become an in-

[43] Until the beginning of 1902, the rate to Manila was $2.47 a word; to China $1.66 a word.

tegral part of any combination formed to regulate rates, " except to make reasonable through rates."[44]

The application of the Mackay company was heartily endorsed by the New York Chamber of Commerce in a Resolution of November 7, 1901, which reads:[45]

WHEREAS, This chamber has called attention to the urgent necessity that exists for the establishment of an American trans-Pacific cable, laid and maintained by private enterprise; and

WHEREAS, Application has been made to the United States Government by a responsible American cable company, offering without Government subsidy to establish cable communication between the United States and the Philippines by way of the Sandwich Islands [Hawaii], for permission to land cables on American shores and on the shores of the Philippine Islands; Therefore, be it

Resolved, That the Chamber of Commerce of the State of New York urge that permission to land cables be granted to this company, under such proper restrictions and conditions as will protect the interests of the United States.

The American Asiatic Association which also spoke for the American Association of China and the American Asiatic Association of Japan, said—

[44] Cable Landing Licenses, 90, gives the conditions laid down by Attorney-General Knox. Ibid., pp. 214-216, gives the United States Landing Rights of the Commercial Pacific Cable Co.

[45] Senate Document No. 141, 57th Cong., 1st sess., p. 35. This document is a Hearing on the Pacific Cable Bills before the Committee on Naval Affairs of the U. S. Senate; relating to the construction, operation, and maintenance of telegraphic cables between the United States and Hawaii, Guam, and the Philippine Islands and other countries and to promote commerce, January 27, 1902. . . . . Ordered to be printed as a document.

" the three associations including the chief American contributors to cable tolls, both on this side and in Shanghai, Yokohama, and Kobe—favor the laying of a cable by private enterprise, and emphatically desire that all possible encouragement should be given to the American corporation which has already contracted for the laying of the first section of the proposed cable between San Francisco and Honolulu." A petition signed by over one hundred well-known business firms and institutions, " Most of whom are largely interested in the American trade with China, Japan, and the Philippine Islands," was presented on December 18, 1901, by a large delegation from the American Asiatic Association to the President of the United States.[46]

On the other hand, Mr. James A. Scrymser in a letter in which he sums up the many instances in which cables played the decisive part during certain operations of the Spanish-American and other wars, concludes " These facts make the early establishment of a Government trans-Pacific cable free from foreign interference and control a military necessity." [47]

Also a Mr. Corliss who had " quite a deep interest in this subject, having given it careful attention for the past two or three sessions of Congress "—charged that " the company—has directly, wilfully,

[46] Ibid., p. 36.
[47] Ibid., p. 43.

and deliberately violated" the provision under which the company was incorporated which provision insisted that the company should not consolidate or amalgamate with any other line or combine therewith for the purpose of regulating rates. Mr. Corliss stated that the company was in league with the monopolistic Eastern Extension Company. He also denied that the general Telegraph Act of 1866 covered this case. He was desirous for a Government cable of any character. Mr. Ward on behalf of the Mackay company denied the charges of Mr. Corliss.[48]

Although Hawaii is well known, the Midway Islands, which form the next landing place in the route of the Pacific cable, are more or less unknown to most of us. They are a group of small islands located about twelve hundred miles northwest of the Hawaiian Islands, and are in the direct line between the Hawaiian Islands and Yokohama, Japan.[49] The Midway Islands were taken possession of by the U. S. S. Lackawana August 28, 1867, and the United States Government has claimed the ownership of the islands

[48] Ibid., p. 47.

[49] This fact has led to several proposals to run a cable direct from the Midway Islands to Japan. Perhaps the difficulties described in the letter of Mr. Ward have something to do with the non-acceptance of this scheme. The Midway Islands have recently come into prominence as the barrier to the Schlee-Brock round the world airplane flight. They may play an important part in the aviation routes of the future. The islands are so bleak that earth has been imported in sacks from Hawaii by the cable company in order to provide a few flowers for the dozen persons who inhabit the islands today.

from that date. Such ownership has been uniformly recognized by other nations.

In a letter under date of November 10, 1903, from Mr. Ward, the Vice-President of the Commercial Pacific Cable Company, to the Secretary of the Navy, Mr. Ward states:

A serious situation faces the Commercial Pacific Cable Company in connection with the maintenance of the cable station on the Midway Islands, in the Pacific Ocean. You may perhaps be aware that by reason of the limited distance for transmission of the electric current through a submarine cable, it was absolutely necessary in establishing the Pacific cable to locate a station either on the Marshall Islands, which belong to Germany, or on the Midway Islands, which belong to the United States. Every consideration from a cable standpoint was in favor of selecting the Marshall Islands (Jaluit) for the purpose, those islands being already inhabited and furnishing excellent facilities, including a good harbor. [The telegraph station has raised Midway Islands from a valueless atoll to one of the most important islands in the Pacific Ocean.] The United States government insisted, and, I wish to add, very properly insisted, from a Governmental standpoint, that the cable must be an all American cable, and hence that it must land on the Midway Islands instead of the Marshall Islands. We consequently cheerfully acquiesced in that requirement, and the cable is now, and for many months past has been, in constant and successful operation.

We find, however, that the difficulties of maintaining the cable landing, station, equipment, and staff on Midway Islands are even more serious than we had anticipated, and at length are compelled to apply for governmental assistance in overcoming the natural obstacles.[50]

[50] The improvements asked by the company were suggested to Congress in a letter of the Secretary of Commerce and Labor under

The next station on the route was Guam [51] which was roughly on the line from the Midway Islands to the Philippines. Although we will hear more concerning Guam in connection with the controversy concerning Yap which will be described in a later chapter on Japan nevertheless we will touch on the part which Guam played in electrical communication in the Pacific before the outbreak of the World War.

Mr. Clarence H. Mackay, President of this trans-Pacific cable company, in a well-knit account of the history and general conditions of the cable industry, especially as touching on his extensive interests in the Atlantic and Pacific oceans, gives probably the best account of the German-Dutch cables in the Pacific. He says: [52]

I would also like to refer briefly to the situation in the Pacific respecting the cables seized by Japan between Guam, Yap and Shanghai (2340 miles laid in 1905). As you are aware, the Dutch-Neiderlandische Telegraphengesellschaft, a company formed in Germany but largely supported by Dutch capital and subsidized by the German and Dutch Governments,

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date of December 19, 1904. The action resulting from the suggestions are given in House Report No. 3775, 58th Cong., 3rd sess. The Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 17, 332) to establish a light-house, etc., sent the bill back with recommendations that it pass.

[51] Guam is the largest of the Ladrone or Marianne Islands in the North Pacific Ocean, lying about fifteen hundred miles east of Manila. It is about two hundred square miles in area and has a population of about fifteen thousand. The island was discovered by Magellan and was occupied by Spain from 1688 to 1898. The land is fertile and the climate favorable.

[52] Cable Landing Licenses, 263-281, January 10, 1921.

owned cables running from Guam to Yap, there diverging, one line going south to the Dutch East Indies and the other going north to Shanghai. We operated the Gaum end of that cable under a contract with the German-Dutch company. All messages for the Dutch Indies were sent via Yap under normal conditions, and during interruptions of our cable between Gaum and Manila, which cut off all communication with the Philippines and China by our route, we diverted traffic via Yap to Shanghai over this German-Dutch system. Hence, these cables were very important in maintaining uninterrupted communication with China and the Philippines, and the seizure of Yap by the Japanese, and the diversion of the Cable into one of the Japanese Islands deprives us of this alternative route. There was only one other alternative route into China and that was via Japan.

By way of summary, Mr. Walter S. Rogers states:[53] "In the course of Congressional Hearings in 1902, a representative of the Postal-Commercial interests stated that plans were being carried out for a trans-Pacific cable, for which no subsidy would be asked. Congress therefore took no action. In 1921, an official of the Postal-Commercial stated that one half of the stock of the Commercial Pacific Cable Company was owned by the Eastern and one-quarter by the Great Northern.[54]

"In 1904, the Commercial Pacific Cable Company entered into contracts with the Eastern and the Great Northern.[55] The company laid a cable from

[53] Memorandum written for the China Conference. See page 60, Note 6.

[54] Cable Landing Licenses, 270.

[55] Ibid., p. 269. Mr. Mackay explains the action of his company in the following words: "For example, you are doubtless aware of

San Francisco to Guam via Honolulu and Midway, a cable from Guam to the Bonin Islands (Japan), a

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the history of the laying of our trans-Pacific cable. Many years ago the Great Northern Telegraph Co., a Danish corporation, secured the right to operate a land-line system across Russia and Siberia to the Far East. At that time telegraph and cable service with China and Japan were unknown, and the Great Northern Telegraph Co., through its enterprise and foresight, obtained concessions from both China and Japan for providing a cable and telegraph service between those countries and Europe. This service proved of enormous value to both China and Japan. About the same time (1871) the Eastern Telegraph system extended its lines to China and established close working arrangements with the Great Northern Telegraph Co. The latter company secured exclusive concessions in China. The Eastern system also secured exclusive rights in the Philippines. We were faced with this situation when we decided to lay our cable across the Pacific. Even if we had been able to secure the right to land our cable in China without the cooperation of these two foreign companies we should not have been able to secure traffic from China, because China was obligated under the concession granted to the Great Northern Telegraph Co. to hand all the traffic they collected for Europe and America to that company. Without this traffic the Pacific cable would have been a financial failure, because its great length and the unproductive territory it traversed between the Pacific coast and the Philippines—that is, Honolulu, Midway, Guam and the Philippines—would not have provided sufficient revenue to even pay expenses, to say nothing of a reasonable return on capital invested."

After explaining the hazardous nature of the enterprise due to the great depths he continues: "Under all the circumstances we were therefore in the situation of either having to come to arrangements with those foreign companies or having to give up the project of laying the cable altogether; but as the cable was a great national necessity, we concluded that it was in the best interests of the United States and the public to do the only thing which was left for us or any other company to do, namely, come to an arrangement with the foreign companies. We explained our situation to the President and the Attorney-General and they understood the situation. Unless we had made arrangements with the foreign companies I do not hesitate to state that the Pacific cable would not have been laid without a large annual subsidy."

cable from Guam to Manila, and a cable from Manila to Shanghai. It remains the only cable system (January, 1928) providing communication across the North Pacific. No competing cable has been laid, and, in view of the Chinese concessions and the power wielded in the telegraph world by the 'Postal-Commercial,' the 'Eastern' and the 'Great Northern' there has been no possibility of other private cable enterprises going into this field.

"So far as the writer of this memorandum (Mr. Rogers) is concerned, he knows no one, aside from officials of the Commercial Pacific Cable Company, who believes that the cable has adequately met the needs for trans-Pacific communication. Certainly this is true if the needs are envisaged as including assured service at rates sufficiently low to stimulate international commercial intercourse and to further a generous exchange of press matter."[56]

The rapid succession of salvos which our leading cable companies exchanged during August of last year (1927) in regard to plans to construct a new cable across the north Pacific, and the sudden and effective checkmating of the other companies by the Commercial Pacific Cable Company, would seem to bear out Mr. Rogers' statement made in the next to the last paragraph above, that "in view of the

[56] See also "Government Control of the Telegraph and Telephone systems." Hearings of H. J. 368 before the Committee on the Post-Office and Post Roads, House of Representatives, 65th Cong., 3rd sess., January 14, 1919, p. 191.

Chinese concessions and the power wielded in the telegraph world by the ' Postal-Commercial ' (Mackay companies) the ' Eastern ' and the ' Great Northern ' there has been no possibility of other private cable enterprises going into this field."

The first company to announce its plans was the Western Union, which company in an Associated Press dispatch dated New York, August 1, 1927,[57] disclosed plans to provide fast telegraphic service across the Pacific to the Far East. This project, which the New York Times [58] proclaimed to be " the most important undertaking in the field of international communication for many years," planned to provide a service between the United States and China of about twenty-five hundred letters a minute in one direction as compared with the one hundred letters a minute in each direction which existing cable facilities provide. The decision of the Western Union was said to be based on the belief that future American trade would expand toward the Far East rather than toward Europe.

The New York Times states that " While the Western Union has had the Pacific cable under contemplation for some time,[59] it was said that the recent

[57] May be found in the Washington Post of Tuesday, August 2, 1927.

[58] New York Times, August 2, 1927, p. 13.

[59] In Cable Landing Licenses, 1921, p. 126, Mr. Carlton, President of the Western Union, after discussing world-wide plans of the Western Union, states: " There is a very pressing necessity for cables in the Pacific. We have worked up such a cable but we are standing aside until our friends the Commercial Co., have completed

crisis in Shanghai might have served to hasten the work of the engineers in the new project.

"At the time when American and European soldiers were landing in China there were three wire systems available for governmental and press use between the Far East and London, compared with the single cable system between China and the United States. This discrepancy was said to have

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their plans, for I believe they intend to lay another cable duplicating their present one for Far Eastern Service.

"At the present time, unless the wireless comes to our rescue, we are all but out of business with the Far East because of the paucity of cable facilities. It is not necessary for me to say to you that we can never come to any sort of national understanding with Japan, or Japan with us, until we get some means of sending quantities of news to that country and receiving quantities of news from them. The best way to do it—and this I have urged as a peace measure—is to run a cable. Do not think so much of the business it is going to mean. Think of it as a great channel of public information, public intelligence. Our tentative plan would be to run a cable from Seattle via the Aleutian Islands to Japan—about forty-five hundred miles. With a cable station at Dutch Harbor, it would be very fast cable, having a capacity almost equal to one of the modern transatlantic cables. The longest section would be about twenty-five hundred miles. That would make a very fast cable, and I would not carry that cable anywhere else. I would have it a Japanese-United States cable, and then I would start another cable connecting the United States and China, and I would have that of large capacity, and I would get it in just as soon as possible. . . . .

"There would be a little negotiation to be done as regards the landing; but I am assured by the British authorities that we could get a landing in China that would be satisfactory. The probability is that the best way to go to China is to go via the Aleutian Islands. . . . .

"Yes, sir [It is the shortest route]; it is on a great circle, and probably is the best way, but I would not try to combine a Chinese and Japanese cable in one, because it would not work to the satisfaction of all concerned."

caused embarrassment to officials at Washington anxious to keep in touch with the Chinese situation."

Of the two routes considered by the Western Union, one would follow that of the Commercial Pacific Cable, and the other one would follow somewhat the old route considered in 1870, via the Aleutian Islands and Japan. The Aleutian route would be about seven thousand miles long as compared with the present ten thousand mile route to Japan. A cable via the Northern route would cost only ten million dollars or considerably less than the southern route and would further provide relay points for the acceleration of messages, which fact would make it preferable, according to Western Union officials. The New York Times describes the route as follows: "Starting from Seattle, the proposed northern cable would run to Dutch Harbor or preferably to Atka, in the Aleutian Islands; thence to Hakodate, in Northern Japan,[60] Shanghai and Manila.

"The distance between Seattle and the proposed Aleutian Islands stations is two thousand miles. From the islands to Japan is twenty-five hundred miles. From Hakodate to Shanghai is thirteen hun-

[60] In his Memorandum in the Report on the China Conference, page 72, Note 6, Mr. Walter S. Rogers states: "The Department of State seems to have evolved a definite policy, in one direction at least, in regard to trans-oceanic cable and radio communication between the United States and other countries, namely that such communication, whenever possible, should be direct and not controlled by extraneous interests. Such a policy is dead set against traffic between China and the United States being handled either through Japan or by a Japanese company."

dred miles, and from Shanghai to Manila thirteen hundred miles. This makes a total distance for the northern route of seven thousand miles.

"While the northern route affords all advantages of economy and speed for the proposed cable, it involves negotiations with the Japanese Government for landing rights.

"Discussing the project, Mr. Carlton said that negotiations with foreign governments were under way, and that he did not think conditions in China would delay the work. . . . ."

The alternate route would be from San Francisco to Honolulu, a distance of 2276 miles; from Honolulu to Midway Island, 1332 [61] miles; Midway Island to Guam, 2607 miles; Guam to Manila, 1632 miles, and Manila to Shanghai, 1264 miles. A Japanese cable eight hundred ninety-nine miles long connects Yokohama with Guam.

"Mr. Carlton's announcement explained the recent disclosure that the agreement whereby the Western Union collected messages for transmission across the Pacific by the Radio Corporation of America might be terminated. While it was never thought that the Radio Corporation would end this agreement, the question was raised whether the Western Union would desire to continue to supply business for a system which would compete with one of its own.

[61] The "slack" allowed for the uneveness of ocean beds is about fifteen percent.

"It also was pointed out that when the agreement between the Western Union and the Radio Corporation went into effect it appeared likely that the Radio Corporation would make connections with China. This connection has not yet been made."

Then about a week later, on August 10, 1927, came the announcement of the Commercial Pacific Cable Company which seemed to effectively checkmate the plans of the Western Union. This company which has for so many years enjoyed a monopoly of trans-Pacific communication, announced plans [62] to estab-

[62] Cable Landing Licenses, 191. In the year 1921, with regard to a new cable across the Pacific, Mr. Goldhammer, Secretary of the Commercial Pacific Cable Co. states: "Our plan is to duplicate our present cable from San Francisco to Honolulu and thence to Midway Island thus also providing increased facilities for the Hawaiian Islands east and west. From Midway we want to go direct to Tokio, Japan. Our reason for doing this is that it would be several hundred miles shorter than a cable to Guam and so much less expensive. More than fifty percent of the traffic between North America and the Far East is with Japan, fifteen percent is with the Philippines, and thirty-five percent is with China and other places. If therefore we could relieve our present line of the Japanese traffic we could give a very fine service to the Philippines and China over the existing cable." The Japanese, however, didn't seem disposed to look with favor on this project.

Mr. Goldhammer continues on the same page: "We would not lay a cable via the Aleutian Islands, as suggested by Mr. Carlton. We have looked into that proposition and from the best information that we could get we find that the Aleutian chain of Islands is fog bound for a considerable part of the year, and the weather in the northern region of the Pacific is also very boisterous for a large part of the year, making repair and operations difficult and involving much delay. We also understood that the bottom is volcanic; therefore, although a cable via the Aleutian Islands would be a good deal shorter and cheaper than a cable over the southern route we would rather adopt the latter for its greater safety."

lish radio service between the United States and the Philippines with a cable connection to China. This is about the first time that a wire company (perhaps as part of a holding company) has threatened to enter the radio field. The reason was that the present trans-Pacific company could build up a radio service to the Philippines before the Western Union could get a good start in laying their cable, while the laying of a new cable from the Philippines to China would take only a very short time especially in view of the fact that the company already had landing rights in China. It is an interesting commentary on the situation in China that this company planned to actually enter China by cable which would make a rather hybrid arrangement in connection with their radio services over the rest of the entire route from the Philippines to the United States.

The radio part of the system would include stations at San Francisco, Honolulu and Manila, and would be used for excess traffic not routed on the cable operated by the Commercial Pacific Cable Company between San Francisco, Honolulu, Midway Island, Guam and Manila. The radio would also be very useful at the times when the cable is under repair. The plans for the radio system called for an expenditure of less than $5,000,000, as it might be largely built and operated with the existing personnel and equipment of the company.

The Commercial Pacific cable has a speed of about one hundred letters a minute in both directions simultaneously. An ordinary radio service would provide a speed of about four to five hundred letters a minute in one direction, while a "beam" system which the company is said to be contemplating, would give more than double the speed besides being very economical.

If these plans materialize, they will bring the Mackay interests into competition with Western Union and The Radio Corporation of America. The New York Times of August 10, 1927, states: "The decision of the Mackay system to use radio is in contradiction to the views frequently expressed by Newcomb Carlton, President of the Western Union. Mr. Carlton has marked out definite limits for the scope of the radio under present conditions. The action of the Mackay officials is therefore another indication that competition between the two great American wire systems will continue to be taken."

Before taking up the question of radio in the Pacific it might be well perhaps to get a bird's-eye view [63] of the cables in the countries of the Pacific area which we do not discuss because of the lack of international aspects in the development of the electrical communications of those countries, or because

[63] See maps published by the Hydrographic Office. See p. 8, Note 5. See also an article by John L. Binda, Research Director, National Foreign Trade Council, on "A Survey of Telegraphic Accommodations Throughout the Far East" in Worlds Markets for March, 1921, p. 29. This article contains an excellent sketch map.

of their connection with purely European rather than American interests.

We have learned above that a branch of the former German-Dutch cables in the Pacific went to the Dutch East Indies. The inter-island cables in these islands are completely under Dutch control. The islands are connected with the outside world through Singapore also through a branch of the Eastern Extension, Australasia and China Telegraph Company, which branch runs directly between South Africa and Australia.

Of the five British cables radiating from Singapore, three go to Hong-Kong, one directly, one by way of Saigon in French Indo-China and one by way of Labuan in North Borneo. Two cables go to Australia where they connect with the network of lines covering Australia. Another of the Eastern's lines connects Durban in South Africa with Perth in Western Australia via the islands of Mauritius, Rodrigues and Cocos (at which point connection is made with Batavia, Java). The French Compagnie Francaise de Cables Telegraphiques connects Queensland, Australia, with the French colony of New Caledonia.[64]

[64] U. S. Bureau of Statistics (Treasury Dept.), "Submarine and land telegraph systems of the World," taken from the Summary of Commerce and Finance for January, 1899, states: 1893. Cable line laid from Australia to the French colony of New Caledonia, eight hundred miles distance.—Lines laid under direction of the Portuguese Government, to connect with Lisbon, Portugal.

French Indo-China has a series of cables in various parts of the colony. Connection is made with China at Amoy. It also maintains a line from Saigon to Borneo in conjunction with the Government of the Dutch East Indies. We will reserve a discussion of the communication situation in Japan and the Philippines for later chapters.

Meantime radio had opened up new channels of information which relieved the pressure of business on the cables. The first agency to open up an effective system of radio communication across the Pacific was the Navy Department of[65] our government.

[65] U. S. Congress. House. "Government Control of Radio Communication," Hearings before the Committee on the Merchant Marine and Fisheries. House of Representatives, 65th Cong., 3rd sess., on H. R. 13, 159, a bill to further regulate radio communication. Dec. 12, 13, 17, 18, and 19, 1918, p. 9. Secretary of Navy Daniels states: . . . . the Navy Department now owns all of the Radio Stations in the United States and its possessions formerly used for commercial radio traffic, with the exception of sixteen privately owned commercial stations. Of these sixteen stations, five are low power radio stations located in the Hawaiian Islands and used for intercommunication between the islands. Four of the remaining eleven stations are high-power stations erected and owned by the Marconi Co. One of these is located in California and one in Hawaii. Before the declaration of war by this country these two stations were used for handling messages between Hawaii and the United States and Japan. The two Marconi high-power radio stations located on the Atlantic coast have never been used for commercial traffic, and one of the stations has never been in operation at all.

This purchase means that the Marconi Co. has gone out of the business of handling ship to shore radio messages, and this business has been turned over to the Navy Department, by whom it will be handled in the future. The Navy will have the advantage of using not only its coast stations previously established, but also the Marconi stations now purchased, which are scattered along the coasts of the

Communication is from Washington to California, on to Pearl Harbor, Hawaii; to Manila; thence up to Peking (official messages only to Peking since the Washington Disarmament Conference). Another line

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Atlantic and Pacific, Gulf of Mexico, and the Great Lakes, as well as the stations recently purchased from the Federal Co.

The Navy has handled commercial radio traffic since 1912 with great success. Always equipped with the most modern apparatus, the ships and shore stations of the Navy have afforded the most reliable means of communication, and vessels of all nations have made use of the service. Even during the war, with rigid restrictions regarding the use of radio in effect, thousands of dollars have been turned into the Treasury of the United States as receipts from the commercial radio traffic of the Navy. Since the commercial service of the Navy is not designed for profit, but for the purpose of keeping the operators always in training, it is possible to provide very low rates for the service.

One of the most profitable activities of the Navy during the war has been the study of the file copies of the radio messages handled by the Sayville and Tuckerton stations with German stations—Nauen and Eilvese—prior to April 7, 1917. In cooperation with the office of the Alien Property Custodian, millions of dollars worth of German-owned property was confiscated. One message alone enabled the Alien Property Custodian to seize $10,000,000 worth of German owned ships, and another message enabled that officer to secure for the Navy Department the high power station at Sayville. . . . .

Although the science of radio communication has continued to advance the great increase, present and prospective, in the number of vessels on our coasts and the consequent increase in radio communication on many different wave lengths, continues to demonstrate the necessity for unified control under the Navy Department of all radio communication to prevent interference. The recent purchase will go far toward accomplishing this end so far as ship to shore communication is concerned."

Captain Todd states on page 65 of the same Hearings that . . . . " the situation in the Pacific is deplorable, in that cable facilities are very meagre, and commerce is crying loudly for help, and the government now has a chain of stations reaching across the Pacific. The Marconi Co. has also a chain (soon purchased by the R. C. A.). They are all needed to handle the Pacific communications, and there are

of naval communication is from Pearl Harbor to Guam, to Samoa. There is also an army radio circuit from Puget Sound Navy Yard to Cordova and St. Paul in Alaska in addition to our government owned cable to Alaska.[66]

Connection with Japan was formerly had by cable from Guam, although during the Washington Disarmament Conference direct communication for press purposes and otherwise was had with Japan by way of our Alaska circuit and the Japanese radio station at Sapporo. At present official radio traffic with Japan is exclusively handled by the naval circuit via Honolulu and Iwaki, Japan, and the commercial traffic by the Radio Corporation of America.

The high power station at Manila has contract not only with Peking but with Shanghai and Vladivostok to the north, French Indo-China to the West and the Dutch East Indies to the south. However this Navy station is not allowed to create competition with the commercial companies at present.

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great changes going on in the world now and the demands on radiotelegraphy are going to be very great, and many of these demands will be the demands of business and thinking people to get the American point of view and the American news into the far corners of the earth. It would be a very great waste for the Government to keep its own high-power stations quiet and forbid itself authority to handle this commercial work when so much good can be done by it." . . . .

[66] The Sunday Star, Washington, D. C., for Aug. 7, 1927, states: "The army radio net in Alaska, which now includes twenty-two radio and eleven cable stations operated by Signal Corps men, and handles nearly $500,000 worth of business a year, was first established in 1908, to save the excessive cost of telegraph line maintenance."

The naval station at Samoa [67] has contact with the Society and Fiji Islands. From Fiji there is cable

[67] U. S. Congress. House. Radio Communication, Hearings before the Committee on the Merchant Marine and Fisheries, House of Representatives, 64th Cong., 2nd sess., on H. R. 19350. A Bill to regulate Radio Communication. 1917. Mr. Balch, Superintendent of the Wireless Department of the inter-island Mutual Telephone company of Hawaii, which company was very friendly with the Marconi Wireless Co. states on p. 393:

"During the latter part of the year 1914 our operators at Wahiawa, Oahu [Hawaii], had been hearing, on nights when the atmospheric conditions were favorable, the United States naval radio station at Tutuila, Samoa as well as the station at Apia, Samoa [a British station] and during the early months of 1915 a series of tests were carried out between the naval station at Tutuila and Wahiawa with a view to ascertaining whether or not a reliable system of night communication could be established between these two points, a distance of approximately twenty-four hundred nautical miles. By making certain changes in the equipment at Tutuila so that a large increase in radiated power was obtained, signals were soon passed between the stations of an audibility that left small doubt that a commercial service was both practicable and feasible. On April 1, 1915, therefore, this was started and has been carried on successfully ever since, even during the summer months of severe static conditions.

"Before the opening of this service Tutuila's only means of communication with the outside world had been by radio to Suva, Fiji; thence by cable to Vancouver, British Columbia, ...

"I might add that when I wrote to the Navy Department here and stated that we had started this service and that the same was reliable, I received a communication from Capt. Bullard that such a thing was impossible. That communication over a distance of twenty-four hundred miles with the power we were using then was practically impossible, and while it might be worked at times, he felt quite sure that it could not always be depended upon. But that has proven not to be the case. The service has been reliable. It has worked, practically with the exception of five or six nights in the past two years, every night. All the Federal Government business of the United States, or vice versa, has for the past two years been sent over this system. . . . ."

During the early part of the year 1916 the British authorities at Apia inquired by radio whether the Mutual Co. would consider estab-

connection with Australia and New Zealand. The only trouble in this connection has been over the question of tolls in this exchange of traffic with the British.

Lack of appropriations and opposition at home and abroad to the use of naval radio for press and commercial services led to the creation of the Radio Corporation of America on February 29, 1920, on the recommendation of certain officers of the Navy Department which company now has far-reaching fingers in all parts of the world. As this heir to the commercial activities of the Navy department proved itself amazingly successful under the guidance and with the backing of our most important government departments, the feeling in favor of private communications became stronger. We have already seen in the chapter on China how a resolution adopted at the Washington Arms conference prohibited the use of the naval radio station at Peking for press purpose. There had always been more or less agitation for a United States government owned radio system to compete with the British cable system which is almost invulnerable. After much discussion, however and many Government Hearings it was decided

lishing a commercial service to Apia and via Apia to Tahiti, and suggested a rate of two shillings from Honolulu, to be divided equally between the Mutual company and the Apia authorities on all work to or from Apia or Tahiti, the Apia authorities stating they would take care of the French charges on all messages to or from Tahiti out of their share of the charge. This was agreed to, and a successful but limited traffic has been built up as a result.

that it was better to leave the development of radio in its earlier stages to private enterprise,[68] with the possibility that the government would take over the radio systems when they had developed so that they could run of their own momentum. Furthermore, private companies had patents which would have been a source of irritation at least to operation by the government in times of peace without the use of war powers. The result was governmental initiation [69] and backing of a private company, The Radio Corporation of America (R. C. A.), which was made

[68] U. S. Congress, House, Government Control of the Telegraph and Telephone systems. Hearings on H. J. Res. 368. The Committee on the Post Office and Post Roads. House of Representatives, 65th Cong., 3rd sess., Jan. 14, 1919, p. 70, Mr. Mackay quotes a British committee as saying "The history of the British telegraphs is most unsatisfactory. They were taken over in 1870 at a cost (including capital expenditures on extensions) of £10,129,687 in the anticipation that they would yield a profit. After the second year of post-management the profit failed to cover interest on the capital outlay. Year by year the financial position has grown worse. In recent years the loss upon working has not been less than £1,000,000 a year. . . . .

"If the British government had left the telegraphs in the hands of private individuals, the rates would have been just as reasonable as now and the government would have avoided the loss of not only about $200,000,000 [up to 1916], but also of the taxes which it would have been receiving from the private companies, and the interest on both of the sums, and the public would have been receiving a much improved service."

Although the subject is not exactly relevant here, the author has been interested in hearing Englishmen say that the $500,000,000 which the British spent for propaganda during the war, also the millions spent in this country during the Washington Disarmament Conference, were the most effective millions Britain ever spent.

[69] Cable Landing Licenses, 333. Also House of Representatives, 69th Congress, 1st sess, Report No. 464, pp. 22-31.

powerful enough to compete successfully with the established cable interests.

When the United States Government, on February 29, 1920, turned over the radio stations which were under government control during the war to the R. C. A., the first really organized system of commercial long distance radio communication between the United States and foreign countries was inaugurated. The American Marconi Company had been, by reason of its arrangements with the British company, restricted in its activities to United States territory, and because it was important that an American company should be free to extend to all countries and in all directions, an arrangement was entered into with the British company through which the latter sold its stock in the American company to the General Electric Company. The General Electric Company having entered into arrangements with[70] the other leading electrical companies in the United States concerning the use of their patents, had proceeded to form the Radio Corporation of America. Incidentally, the R. C. A. had the finest array of genius and talent behind it of any company of its kind in the world.

The Marconi Wireless Telegraph Company of America had entered into a traffic agreement with the Japanese Government on August 22, 1916. (This agreement will be taken up in detail in the chapter

[70] Federal Trade Commission, Report on the Radio Industry (1923), pp. 1-68. Also Appendix.

on Japan.) There had been a few weeks of service prior to April, 1917, between the United States and Japan but this service was hardly started before the United States entered the war. This Agreement of the Marconi Company with Japan was one of the assets acquired by the Radio Corporation of America. Services with Hawaii and Japan were opened on March 1, 1920. An agreement [71] was later made for the collection and delivery of Radiograms in the trans-Pacific service by the Western Union Telegraph Company, which operates no cable across the Pacific.

In view of the fact that the Radio Corporation of America could not immediately extend its services to all parts of the world, there continued to be a certain amount of friction and readjustment between the R. C. A., the Naval stations and third parties who were interested in the same. The press associations who had used the cheap services of the Navy circuits during the war period, naturally disliked the idea of competing for news with foreign press associations in countries which subsidized their press services. Nearly every other country except the United States considers cheap press services as important as armies and navies in the maintenance of prestige and are willing to charge the tax payers for abundant, cheap news services in the same way that they apply taxes for schools, libraries, etc. The

[71] Annual report of the R. C. A. for the year 1921, p. 10.

United States is the only large country which does not either own or exercise a great deal of control of communications. Private companies for their part naturally avoid press services as much as possible because they are not very profitable in the world of communications as it is organized today.

Owen D. Young makes reference to a part of this readjustment when he says:[72] "As to the application of the press associations to have the Navy stations used,[73] I cannot help feeling that at bottom it

[72] Cable Landing Licenses, 359. See also U. S. Congress House of Representatives, 66th Cong., 2nd sess. Report No. 1003, which David Sarnoff, Commercial Manager of the R. C. A. concludes by stating: "The radio corporation is agreeable to permitting the use of the naval stations for press business between now and the expiration of the original act, which brings the date of expiration to June 5, 1922, provided that in all cases except on the Pacific coast, to which I shall refer later, the rates to be charged by the naval stations for press service shall not in any event be less than those charged by private companies for the same or similar service. With respect to the Orient, in view of special conditions existing there, the radio corporation is agreeable to permitting the continued use of the naval stations for press service up to the date of June 5, 1922, without regard to the rate question. . . . .

"But I do want to go on record unmistakeably that if there is in this language or in any language anything that may result in an amendment of the existing law the slightest doubt as to when the Government stations cease to handle private press, or if there is the slightest doubt as to whether the proposed amendments lead to the suggestion of private ownership or to the suggestion of Government competition, then the radio corporation, in its own interest and in the interest of the public, is very definitely and strongly opposed to any such modification."

[73] Cable Landing Licenses (1922), p. 282. Mr. Frederick R. Martin, Acting General Manager of the Associated Press, states: "Primarily the Associated Press was concerned with the collection of news, of course, for distribution to its own members—daily papers—there are

is an application for cheaper service rather than for additional facilities. If it be an application for cheaper service, a service at such a rate that private companies might not be able to profitably render it, then the application is the entering wedge for Government competition in radio with private radio interests."

Apropos of our subject at this time is a summarizing statement of Mr. Newcomb Carlton on International news services.

Several books could be written on the importance of news service in international relations.[74] Time and space however do not permit more than a brief

now twelve hundred and sixty—that is collection throughout the world for dissemination within continental United States. Then we naturally looked to our outlying territories and we started a service to Alaska, and that was thanks to Government cooperation. I might say that any extension of this service that we made to Alaska or the Philippines, where we are supplying eight papers, I believe, and to Hawaii, where we are supplying five, and to Porto Rico, where we are supplying two, have been entirely on patriotic grounds in order to give the newspapers of Alaska and Hawaii and the Philippines and Porto Rico and American news service. They have been entirely unprofitable financially. Of course, we do not exist to make money, but they have been unprofitable. We could not have supplied the Philippines or Porto Rico but for the naval cooperation. We did supply the papers in Hawaii over privately owned wireless, but when the Navy took over our service we were compelled to send an eight hundred word daily report to Hawaii and the Philippines; of course that is a condensed eight hundred words; when written out it amounts to considerably more, and that report is now going, with our knowledge, to every press association in Japan and China, and is being very widely disseminated. We are getting no returns of course beyond the Philippines."

[74] G. A. Schreiner, Cables and Wireless. Mr. Schreiner was for years a newspaper correspondent.

survey of this question. Perhaps the best brief account for our purposes which the author has come across is that by Mr. Newcomb Carlton, President of the Western Union, who is an authority in this field. This account helps to show the problems before the wireless and cable companies, and helps to show the part press services will play in the larger field of communication services. But most important of all it offers a plan which might have solved the problems existing in (1922) when the time was ripe for such a solution. Action then might have saved the people of the United States many heart burnings in connection with the recent crisis in China.[75] The account reads as follows:

The Chairman [Mr. Frank B. Kellogg, present Secretary of State] Mr. Carlton, you are pretty familiar with the cable situation and the news situation. What have you to say about the importance of the dissemination of news, American news, so far as it affects business and affects relations with foreign countries?

Mr. Carlton. I have lived abroad long enough to become convinced that the only uninfluenced sources of information are the press associations of the United States. Every other press association that I know anything about is more or less colored by governmental influence, but I do not quite see how we are going to compete in South America if Havas [the French agency] keeps shooting quantities of news into South America free of all charge to the Newspapers and colored to suit the local taste.

Senator Watson. They are hostile there, too?

Mr. Carlton. I believe that the first thing that should be done, and it ought to be done right away, is to get the cable

[75] Cable Landing Licenses, 127.

companies to cooperate as far as they can. Of course when you get a man like [Walter S.] Rogers on news he will close your cables to all other business; but, assuming that you could control Rogers, it would be a very useful thing to have some such man as he cooperate with the cable companies in using a certain amount of the Cable capacity for news, and to get the wireless companies at work disseminating news as fast as they can. Make it as cheap as possible, keep the impeccable reputation which American news has, and you will see results in twelve months.

The Chairman. Is it not a fact that there is a great dearth of American news anywhere in foreign countries?

Mr. Carlton. It is a fact.

The Chairman. Even in England are you not familiar with the small amount of American news?

Mr. Carlton. Yes; and I do not wonder at it particularly. You will recall that when you live over there you notice that the Daily Telegraph prints all the murders and divorces—

Senator Watson. They must run a big paper.

Mr. Carlton. Well it was fairly full. But that is about the only American news you see.

The Chairman. Or something with respect to New York society.

Mr. Carlton. Yes. The Daily Mail has the sensations of the day in very brief form—as a matter of fact, not all the sensations. The Times is ponderous; and when I was there I felt utterly separated from my own country, so far as American news was concerned.

The Chairman. I have always felt so.

Mr. Carlton. But I am not so much concerned about getting American news into Great Britain, I think they are impervious to the influence of American news. I do not think that is the kind of influence that works on the British, but I do think in the countries of South America and in the Near and Far East we have great chances.

The Chairman. And also Middle Europe.

Mr. Carlton. And Middle Europe. We have a wonderful chance. We have a good chance in Germany and a fine chance in Scandinavia.

The Chairman. And especially in the Far East?

Mr. Carlton. Yes, sir; and especially in the Far East.[76]

The Chairman. And that also is a great aid to our commerce with those foreign countries, is it not?

Mr. Carlton. Without it you do not get much commerce, do you? This matter was all carefully studied when I happened to have the nominal position of Federal cable director. The scheme of extending American cables was submitted to Mr. Vail, who was a great student of the subject, and who indorsed it and passed it on to the Postmaster General. Time was too short to do much, but it is all there in the record.[77]

[76] In his several years of residence in the Far East, the author noticed the tendency of the natives to believe anything in print. Lynching in the U. S. was the big item of American news in India. This is a serious matter for the United States in view of the race question throughout the world.

[77] Government Control of the Telegraph and Telephone systems. Hearings on H. J. 368. The committee on the Post Office and Post Roads. House of Representatives, 65th Cong., 3rd sess., January 14, 1919, pp. 57-60. Mr. Theodore N. Vail of the Bell Telephone Co. in a letter to John Moon, Chairman of the above committee deals at length with "International Inter-Communications." This letter helps to show how every possible aspect of international communication, together with the domestic issues involved (especially those of private or governmental control of communications with other nations) is fully taken up in a series of hearings which cover the whole period of radio communication from the beginning to the present. After stating that quick communication makes frequent turnover possible so that business can be done on a smaller margin, Mr. Vail states as do so many others, that the vast merchant marine which we built up during the war was helplessly dependent on the communication facilities offered by competitor nations. He goes on to say:

"My efforts toward an intranational and international communication system are of long standing. The whole development of the Bell Telephone system from the beginning was based on comprehen-

That the part to be played by the Naval Communications of America continued to be a matter for discussion is shown by a discussion of a plan for the reorganization of governmental departments as regards efficiency of Naval Communications and the establishment of a Department of Communications, as late as the year 1924.[78]

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sive intercommunication systems by wire. When the American Telephone and Telegraph Co. bought the Western Union, its first attempt was to secure trans-Atlantic cables by laying one and leasing several. Some new and beneficial services were inaugurated, more were contemplated. It was our intention to develop this system and ultimately bring the United States into focus with the great arterial cable systems throughout the world. The combination was not then countenanced by the Government.

"The United States is connected with this world [cable] system, but on one side as a contributing field to be reached and exploited, and not primarily as a center. This must be changed and the United States put into its relative position, put into the focus of a world system of electrical intercommunication, as one of the most if not the most, important center of commerce, industry and finance, that full advantage may be taken of its position and the opportunities now existing." Mr. Vail then made several suggestions as to how the United States is to be made the cable center of the world, which scheme would need government aid at the start. Mr. Vail offers to send further suggestions or a complete plan to effectuate this scheme if the committee is interested. The weakness of the whole proposal of Mr. Vail's which he himself would perhaps be the first to admit today is his faith in the comity of nations upon which he depends to permit his scheme to be carried out. Mr. Vail wrote when the effect of war propaganda had not as yet worn off and many people in the United States believed that all nations would willingly pool their advantages in common cause. All of us lived through the following period of disillusionment. Suffice it to say that Great Britain still remains the cable center of the world and has never had any intentions of giving up the supreme advantages her position gives her.

[78] U. S. Congress. House. To regulate radio communication. Hearings before the committee on the Merchant Marine and Fisheries. House of Representatives, 68th Cong., 1st sess., H. R. 7357, March 11, 12, 13, and 14, 1924.

The Radio Corporation of America had been quiescent in the Pacific during all these discussions although it was handling approximately fifty percent of the international traffic across the Pacific by 1922 and had centered its attention on opening up communication with Europe. We have already noticed that the R. C. A. had established communication with Hawaii and Japan in 1920. It had not opened any new circuits in the Pacific until the establishment of direct communications with the Dutch East Indies in 1925,[79] with French Indo-China in 1926, and with the Philippines in the year 1927. It is to be remembered that all the services of the Radio Corporation of America are direct and are not relayed through the possibly prying stations of foreign nations. Radio services are (1) cheap, especially the new short wave systems; (2) speedy; (3) mobile, that is, stations can be changed from one circuit to another in case of necessity or convenience; and (4) invaluable in times of war (and disasters such as

[79] Fourth National Radio Conference and Recommendations for Regulation for Radio, Washington, D. C., November 9-11, 1925. Herbert Hoover, in summing up the Expansion of International Communication by radio, says, "Although we will, by another twelve months, have systematic radio-telegraphic communication with nearly every important country in the world—a matter of most importance, for it increases the movement of ideas as well as business."

Along the same line, Mr. J. H. Dellinger, Chief of the Radio Laboratory of the Department of Commerce says in The American Year Book for 1925, p. 593. "America approaches independence of the cables for communication with nearly every important country of the world."

the Japanese earthquake which destroyed the cables), and for communications with ships which cables cannot reach; also (5) for uninterrupted service, for wireless cannot be cut, diverted, or destroyed by the enemy or by catastrophes as cables can. The big disadvantage of cables is their lack of secrecy but that defect is being rapidly overcome by use of very high speed directional or "beam" services. We would expect therefore that other nations will follow the example of the United States.

This is particularly true of Great Britain and her dominions who are likely to show us a little competition as seen from the following facts. There are directed short wave systems in operation between England and the British dominions of Canada, South Africa, Australia and India. The service to Australia was installed in the spring of 1927 on a wave length of twenty-six meters and with only twenty kilowatts of power.[80] This is the first time in history that direct communication has been available between England and Australia. The waves cover the distance of over ten thousand miles in about an eighteenth of a second, making it possible to telephone simultaneously by the system. The capacity of the station is ample for present and future requirements. Curiously enough the waves sometimes go around the world in one direction and sometimes

[80] Little things affect the destinies of nations. Some of the long wave length stations require up to one thousand kilowatts of power which makes their operation tremendously expensive.

in the opposite direction depending on the altitude of the sun. Although cable rates were reduced twice during the year, " beam " rates were a third lower. At the start of the service, week-end ordinary press messages were four pence and deferred press three pence. Australia also plans to have a direct beam service with Canada, the United States and South America.[81]

The high speed of transmission of from five hundred to two thousand letters a minute almost but not quite guarantees secrecy. Also, there are times now and then when the beam system is not quite as reliable as cable. Nevertheless, the beam service is already diverting forty-five percent of the cable traffic, which has caused the Australia Premier to appoint a committee to look into the situation. Evidently the Australian Government fears that if the cables cease to pay they will be allowed to deteriorate, which would be a bad thing from the view-point of national defense. It is evidently considered that the secrecy of cables would be essential in a war emergency.[82]

Attention was drawn toward our domestic affairs during the early part of 1927 by the passage of the Radio Act of February 23, 1927, which created a Federal Radio Commission with Admiral Bullard

[81] See Guglielmo Marconi, " Where is Radio Going," in the Saturday Evening Post for December 3, 1927. Also Christian Science Monitor for April 8, 1927.

[82] Hector C. Bywater in The Sun, Baltimore, December 21, 1927.

as the Chairman. However, this Act also takes up again the question of the relationship of the Naval Radio Circuits with the privately owned circuits in Section 30 which reads: [83]

SEC. 30. The Secretary of the Navy is hereby authorized unless restrained by international agreement, under the terms and conditions and at rates prescribed by him, which rates shall be just and reasonable, and which upon complaint, shall be subject to review and revision by the Interstate Commerce Commission, to use all radio stations and apparatus, wherever located, owned by the United States, and under the control of the Navy Department, (a) for the reception and transmission of press messages offered by any newspaper published in the United States, its territories or possessions, or published by citizens of the United States in foreign countries, or by any press association of the United States, and (b) for the reception and transmission of private commercial messages between ships, between ship and shore, between localities in Alaska and between Alaska and the continental United States: *Provided,* that the rates fixed for the reception and transmission of all such messages, other than press messages between the Pacific coast of the United States, Hawaii, Alaska, the Philippine Islands, and the Orient and between the United States and the Virgin Islands, shall not be less than the rates charged by privately owned and operated stations for like messages and service: *Provided further,* that the right to use such stations for any of the purposes named in this section shall terminate and cease as between any countries or localities or between any locality and privately operated ships whenever privately owned and operated stations are capable of meeting the normal communication requirements

[83] Public—No. 632—69th Congress, H. R. 9971. An Act for the regulation of radio communications, and for other purposes.

between such countries or localities or between any locality and privately operated ships, and the licensing authority shall have notified the Secretary of the Navy thereof.

This last section has the effect of giving the Radio Corporation of America all business in territories where it has regular stations in operation.

That this whole question is not as yet settled may be surmised from a recent news item which reads:

Baltimore Sunday Sun, January 22, 1928. The Federal Radio Commission has before it one of the toughest problems of its career. Shall short waves be assigned generally to all applicants or shall they be reserved for services which cannot be duplicated by wires?

The hearings held by the commission during the last week only served to emphasize the difficulties of the situation. They brought to light a tremendous struggle between established companies and independent organizations which seek to install their own systems of sending and receiving messages.

ECONOMY PHASE

Recent developments have shown that the short waves offer a cheap method of communication. Through their use it is possible to send messages halfway around the world with astonishingly low power and expense.

Quick to see the economic possibilities, newspapers, press associations, banks, brokerage houses and other commercial organizations applied to the commission for licenses to use short waves. The commission called a public hearing as an aid to formulating definite policies in making assignments.

SOME VIEWS GIVEN

Communication companies attempted to prove that there are so few channels in the short-wave band that it is im-

possible for them to go around. Therefore, they contend, they should be assigned to organizations which serve the entire public.

If there is a decided limitation of channels in the short waves, according to Government officials, it would seem to be the duty of the commission not to grant them to private organizations. On the other hand, if such a step is taken, it inevitably will result in an outcry of " monopoly " and charges that the commission is favoring the big radio companies.

COMMISSION PUZZLED

The Radio Commissioners are perplexed about the proposition. If the waves are reserved, their development may be retarded. If they are given out, they may be badly needed later on for services which cannot be duplicated by wire. Then it may be too late to withdraw them.

The private opinion of those in a position to know is that the commission may grant short-wave licenses to independent companies with the distinct understanding that they can be recalled within a specified period and, if desirable, turned over to other kinds of services.

CHAPTER V

Japan

As we stated in a previous chapter, China, with its vast potential market, is probably at this time the field of greatest interest to America. It is, perhaps, the goal of our endeavors in the matter of commercial electrical communications in the Pacific. In the last chapter we described how the push of the cables across the Pacific connected the various countries in this area with a network of bonds of understanding and intercourse; and how the recent advent of radio has annihilated time and space over the vast reaches of the Pacific. Going back to our discussion of South America, which continent is of outstanding interest to Americans, although more or less unconnected with the field of communications in the Pacific area as it is usually considered, we find our first eminently successful entrance into any foreign field, which entrance served as an excellent first chapter for our dissertation. We turn now to the less interesting chapters which deal with the countries on the fringe of this great crusade and yet which are of vast importance. Japan is important for reasons which every American knows; also for the fact that she furnishes one half of the communications business across the Pacific at the present time, which fact gives her tremendous leverage in applying pressure to foreign nations including ourselves. We are

interested in the Philippines because they are under the American flag. The Philippines are also serving at present as the terminus of the distinctly American communication system across the Pacific, and may at the same time serve as a point of entry into the Asiatic mainland.

The present chapter on Japan will not be very long for two reasons: in the first place, we have already dealt with many of the international relations of Japan in previous chapters, as they seemed, at least from the American view-point, to be of more value discussed in connection with those other countries; secondly, there have been fewer international aspects with regards to electrical communications in Japan as she has maintained a rigid national or domestic control over communications. In Japan, as in some other countries, there is an apparent difficulty in harmonizing the general radio interests with those of the navy. While Japan is immediately interested in communications in the Far East, her government takes an active interest in world-wide communications, although this interest has borne little fruit in gaining her stations with which she can communicate in foreign countries. Japan has had a particular interest in the improvement of services with the United States.[1]

[1] "International Electrical Communications," by Walter S. Rogers, in Foreign Affairs, December 15, 1922, I, 356, No. 2.

As long as our information concerning Japan is likely to be somewhat disjointed, due to our intention of only describing the high-lights in the history of communications in Japan, it might be well to get a picture of the present situation in Japan at the outset, as a framework or background by which we can judge the succeeding material. The best account of the present situation is given in the Japan Year Book for 1927.[2] (The less important paragraphs will be found in small print.)

"The first Telegraph Service Regulations were issued in 1872 and seven years after Japan joined the International Telegraph Convention. In 1883 the country became a member of the International Union for the Protection of Submarine Cables . . . .

"The cable between Nagasaki and Fusan via Tsushima was laid in 1882 by the Great Northern Telegraph Company under charter for thirty years. The line between Nagasaki and Tsushima was purchased by Japan in 1891 at Yen 85,000. The purchase of the remaining portion between Tsushima and Fusan having been judged necessary with the annexation of Korea, the negotiation was opened and successfully concluded, the transfer being effected in 1910 for Yen 160,000. About the same time the work of laying an additional cable between Japan Proper and Formosa was completed.

[2] p. 356.

INTERNATIONAL CABLE SERVICE

"By agreement made in 1870, Japan conceded to the Great N. T. Co. of Denmark the exclusive right of landing on Japanese territory cables for international service. It was in virtue of this right that the Danish Co. laid cables between Nagasaki and Vladivostok, and Nagasaki and Fusan. Japan purchased the Nagasaki-Fusan cable, the first section as far as Tsushima in 1891, and the remaining section in 1910. During the Russo-Japanese War Japan laid a cable between Sasebo and Dairen, and next from the latter place to Chefu. In 1912 the concession to the Danish Co. expired, but it was granted a charter to carry on the service on Japanese territory. The government then opened the negotiations with the Co. and also the Great Eastern T. Co., as well as with China and Russia, with the object of laying a Nagasaki-Shanghai cable and also a special cable connecting Japan with Siberia. The negotiation having been satisfactorily concluded, the Government will make arrangement before long to proceed with the work.

"Japan became a member of the International Wireless Union in 1908. For regulating the exchanges of 'wireless' between the Japanese coast stations and foreign steamers, or vice-versa, a regulation based on the International Radio-Telegraph Convention of Berlin was put into effect in July, 1919. In November, 1916, the Funabashi Wireless

Station, of the Imperial Navy, was ready for communication with Hawaii and America.

" With the completion of the Iwaki Wireless station (of the Communications Dept.) in Hara-No-Machi, Funushima-Ken, in March, 1921, the direct communication with the two-American continent was established and the ordinary wireless exchange business hitherto attended to by the Funabashi Station was transferred to the Iwaki Station. The station is equipped with an antenna pole six hundred sixty feet high and with a capacity of four hundred K.W. and a transmission power of over four thousand miles. For direct service with European countries a station was constructed at Osaka in 1923.

At present there are in operation twelve Government and three private shore installations besides one each in the Kwantung Leased Territory, Formosa, Saghalien, and Korea, and seven in South Sea Islands. Those at sea number fifty Government and six hundred and seven private.

Wireless on Shipping.—The wireless telegraphy on shipping law published in March 25 obligates all Japanese vessels with gross tonnage of over two thousand tons or carrying over fifty souls on board to be provided with wireless apparatus; otherwise they cannot engage in either ocean or coastwise navigation. A fine not exceeding Yen 2000 is attached to the law, which is applicable mutatis mutandis to foreign vessels coming under the above mentioned category in case they enter or leave the ports where the regulation is in force.

By arrangement between the Communications Department, foreign telegraph concerns and the American Radio Corpora-

tion the press rates as regards the Corporation's service were lowered in November 1, 1926, as follows—

Japan-New York. 42 sen (21 cents) per word (former rate 60 sen).

Japan-San Francisco. 36 sen (18 cents) per word (former rate 54 sen).

Japan-Honolulu 24 sen (12 cents) per word (former rate 44 sen). . . . .

"From consideration of finance the original Government plan to establish powerful international radio stations as five-year work was replaced by the formation in April, 1925, of a semi-official company with a capital of Yen 20,000,000 of which the Government is to supply Yen 2,000,000 in the shape of its Iwaki Wireless Station. The necessary stations for dealing with foreign service has been reserved as work to be attended to after the 1926-7 year."

The rates for telegrams [3] to San Francisco are Yen 1.92 (96 cents) per word. Regular telegrams to all offices in Europe, except Russia (which has a Yen 0.48 rate), are Yen 1.67 per word.

We will now discuss a little more fully the most important international aspects of Electrical Communications in Japan. The Japanese first took up the matter of telegraphs in the year 1868, importing a telegraph engineer from England in the following year. The first domestic line was built between Tokio and Yokohama.

[3] Japan Year Book (1927), p. 367.

Of more importance to us is the Convention or concession of August 25, 1869,[4] between Japan and the special Danish minister who went to Japan for the purpose. By that convention, the Great Northern Telegraph Company of Denmark was granted permission to land cables at Nagasaki. One of the proposed cables was to extend from Shanghai to Nagasaki and a second from Vladivostok to Nagasaki, from which latter point a cable was to be extended to Yokohama. The two cables were promptly laid to a point near Nagasaki, but the extension to Yokohama was held up by the desire of the Japanese Government to construct land telegraph lines prior to the laying of such a cable. The Japanese telegraph offices next took over the acceptance of telegrams for foreign countries from the company.

In 1882, the Great Northern Telegraph Company, in exchange for extension of the time of the concession and the privilege of duplicating the cables laid from Shanghai to Nagasaki and from Vladivostok to Nagasaki granted by the Japanese Government, gave up its plan to link Nagasaki with Yokohama by cable.

In 1883, the Government of Japan and Korea agreed on the laying of a cable between the two countries. It was further agreed by the Great Northern and the Japanese Government that the projected cables between Korea and Japan be laid by and

[4] S. Wakamiya, Director-General of Telegraphs, "Outlines of the History of Telegraphs in Japan." Tokyo, 1892.

should belong to the Great Northern whereas the land lines and offices should be built by and belong to the Japanese Government.

The next important event in this account is the reaching of Japan by the lines of the Commercial Pacific Cable Company. The Resolutions adopted by the company on March 2, 1905, read as follows:[5]

WHEREAS, The Commercial Pacific Cable Co. has made application to the United States Government for permission to land on the Island of Gaum submarine cables between that island and Japan; and

WHEREAS, The President of the United States has consented that this company lay, construct, land, maintain, and operate said line of telegraphic cables on the Island of Gaum on condition that this company first file its written acceptance of certain terms and conditions to be evidenced by a certified copy of these resolutions to be filed with the Postmaster General of the United States; Now therefore Resolved, That this company do and hereby does accept the condition herein after set forth.

After disclaiming all exclusive arrangements with foreign companies in Section 1, and undertaking to lay a cable from Manila to Shanghai within one year, the Resolutions continue to stipulate:

3. That the rates to be charged for commercial messages over the Guam-Bonin cable to and from Japan shall be reasonable and in no case shall the rates to Japan from places under American jurisdiction or from Japan to such

[5] Cable Landing Licenses, 216. Also 57th Cong., 2nd sess., Senate Document, No. 24. The rates for commercial messages are found in U. S. Congress. House. 57th Cong., 1st sess., H. R. Cong. Doc. No. 568.

places be in excess of the existing rates now charged for such messages between points in the United States and points in Japan.

4. That the Government of the United States, any department thereof, its officers, agents, and insular or Territorial officers and governments shall have priority for their official cablegrams over all other business, excepting Japanese governmental business, which business shall be entitled to equal priority, and the rates to be charged for such governmental business of the United States shall be half the commercial rates, and the government of the United States shall be entitled to the same or similar privileges to those which by law, regulations or agreement may be granted by the company to the Japanese or any other Government.

5. That the United States shall at all times have the right to purchase the cable lines, property and effects of the said company at an appraised value to be ascertained by disinterested persons, two to be selected by the Postmaster-General, two by the company or concern interested, and the fifth by the four so previously selected. *Provided,* that any cable or property at the Bonin Islands shall not be purchased without the consent of Japan.

6. That the Government of the United States shall have authority to assume full control of the said cable, outside of Japanese jurisdiction, during war (including grave civil disturbance) or when war is threatened.

7. That no liability shall be assumed by the Government of the United States by virtue of any control or censorship which it may exercise over said line in the event of war or civil disturbance, or under conditions six and eight herein set forth, so far as messages directly connected with war are concerned, but as to the stoppage or interruption of other business of the cable company the compensation therefor to be paid by the United States to the cable company shall be determined under the general law.

8. That the Government of the United States shall have authority to sever the aforesaid cables of said corporation from the Island of Guam to the Bonin Islands during war or a threatened war.

9. That the aforesaid cable shall at Gaum be exclusively under the control of and operated by the Commercial Cable Co. and the operators and employees of said company at Guam (above the grade of unskilled labor, after said cable shall have been laid), shall be exclusively American citizens if the same can be obtained.

10. That the citizens of the United States and of its possessions shall stand on an equal footing as regards the messages over said company's lines with citizens or subjects of any other country which said cable may connect. . . . .

16. That the company above mentioned shall upon his request file in the office of the Attorney General certified copies of any laws of the Empire of Japan, now existing or which may hereafter be promulgated, defining the powers and duties of said company, and upon his request shall exhibit to the Attorney General any contracts or agreements between Japan and the company, and copies of the definitive concessions granted to, or conditions imposed upon said company preliminary to the landing of its cable upon Japanese territory.

17. That the consent hereby granted shall be subject to any future action by Congress, affirming, revoking or modifying, wholly or in part, the said conditions and terms on which this consent is given. . . . .

Before taking up the next important event (the Yap controversy) it might be well to give a brief description of the cable system in Japan as it was constituted in the years just following the World War. From Sakhalin in the north to Formosa in the south,

the Empire of Japan is covered by a net-work of government-owned lines. From a point near Nagasaki (Sasebo) government cables run to Shanghai, China; Dalny (Port Arthur) and Chosen. There is also a line connecting Matsuye on the Island of Nippon with Gensan in Northern Korea. From Kagoshima on the northern end of Kyushu, a cable runs by way of the Nansei Islands to Formosa. To complete the picture there is the cable to which we have previously made reference, namely the cable from Tokyo to Bonin, at which latter point connection is made with the line of the Commercial Cable Company. Frequent typhoons, floods and earthquakes seriously interrupt the service of the Japanese lines at times.

As we mentioned in our introductory chapter, Germany began the development of a comprehensive system of communications before the war. As a part of this imperial scheme three cables were laid radiating from the Island of Yap, which island lies just west of Guam. One of these cables ran to Menado in the Dutch Indies, one to Shanghai and the other to near-by Guam, where connection was made with the lines of the Commercial Pacific Cable Company. These German cables served us alternate routes in case of the interruption of the lines of the Commercial Pacific Company.

At the outbreak of the World War, Yap was seized by the Japanese and the cables were sealed, to re-

main sealed for years after the war in spite of the dire need for communication facilities with the Far East. Germany was forced to renounce all her cables at Versailles in spite of American protests which have continued ever since. (There were informal discussions on the whole subject of seizure of cables in time of war during the International Radiotelegraph Conference held in Washington in 1927.) President Wilson maintained that when the question of cables and mandates had arisen at Versailles, he had taken particular pains to except the case of the Island of Yap, on the ground that it represented a center of important cable lines necessary to the United States if she were to have uninterrupted service with China and the Far East. President Wilson understood that his exception in the case of Yap had been admitted, and that Japan would not be given the sovereignty over the Island of Yap when she received the Mandate for the other German islands north of the equator. The subject was bitterly discussed at the Preliminary Communications Conference held in Washington in 1920. The American delegates insisted on the internationalization of Yap, while the Japanese, supported by France, equally insisted on absolute sovereignty over the island. The rest of the allies contended that the United States had lost the right of consultation as to the mandates because of her rejection of the Versailles Treaty. The Japanese pointed out that there was no evidence of any excep-

tion made by President Wilson to be found in the minutes[6] of the meeting of the Supreme council in 1919. As the dead-lock was not broken, it was decided that the cables should be administered jointly until an understanding was reached.

The Tokio Government claimed rights over Yap as a Class C mandate. These mandates are defined in the following words in the Versailles Treaty. (Article 22).

> There are territories, such as Southwest Africa and certain of the South Pacific islands, which owing to the sparseness of their population or their small size, or their remoteness from the centers of civilization; or their geographical contiguity to the territory of the mandatory, and other circumstances, can be best administered under the laws of the mandatory as integral portions of its territory, subject to the safeguards above mentioned in the interests of the indigenous population.

"The acuteness of the situation was considerably relieved at the beginning of March (1921) by the reply[7] of the Council of the League (to the protest[8] of the United States) which showed a conciliatory spirit by promising to defer consideration of the mandates already assigned until such time as the United States should be able to take part in the discussions. Only in respect to the Yap mandate did the Council

[6] The minutes were kept by Sir Horace Hankey. See Current Opinion, April, 1921, p. 444.

[7] Current History, April, 1921, p. 102.

[8] Ibid., p. 101.

fail to give the American Government satisfaction."[9]

The attitude of the United States was that it would not take any chance of submitting its cable dispatches to the Philippines to the official censorship of the Japanese Government. The matter finally was considered as a question to be settled by the United States and Japan and these two powers, after discussion at the Washington Arms Conference, signed a treaty at Washington on February 11, 1922 (proclaimed July 13, 1922), which contained the following provisions:[10]

ARTICLE III

The United States and its nationals shall have free access to the island of Yap on a footing of entire equality with Japan or any other nation and their respective nationals in all that relates to the landing and operation of the existing Yap-Guam cable or of any cable which may hereafter be laid

[9] Ibid., p. 101.

J. W. Pennypacker, "Yap, Caroline Islands, Britain, America, Japan, and Yap." Nation, 112: 664, May, 1921, states, "the idea, in 1916, of giving Yap to Japan is worth to British statesmen ten superdreadnoughts today, and will be worth twenty-five in 1927."

C. N. Gregory, "Mandate over Yap," Am. J. Int. Law, 15: 419-27, Jl., '21, gives a full account of the geography, history and International Law in connection with this subject. See also same author "Treaty as to Yap and the Mandated North Pacific islands," Am. J. Int. Law, 16: 248-51, Ap., '22.

[10] Treaty Series No. 664, Treaty between the United States and Japan, regarding rights of the two governments and their respective nationals in former German islands in the Pacific Ocean north of the equator, and in particular the islands of Yap, Gov't Print. Off., 1922. The treaty and a discussion of it may also be found in Am. J. Int. Law, 16: 248-51, Ap., '22.

or operated by the United States or by its nationals connecting with the Island of Yap.

The rights and privileges embraced by the preceding paragraph shall also be accorded to the Government of the United States and its nationals with respect to radio-telegraphic communication; provided, however, that so long as the Government of Japan shall maintain on the Island of Yap an adequate radio-telegraphic station, cooperating effectively with the cable and with other radio stations on ships or on shore, without discriminatory exactions or preferences, the exercise of the right to establish radio-telegraphic stations on the Island by the United States or its nationals shall be suspended.

ARTICLE IV

In connection with the rights embraced by Article III, specific rights, privileges and exemptions, in so far as they relate to electrical communications, shall be enjoyed in the Island of Yap by the United States and its nationals in terms as follows:

(1) Nationals of the United States shall have the unrestricted right to reside in the Island, and the United States and its nationals shall have the right to acquire and hold on a footing of entire equality with Japan or any other nation or their respective nationals all kinds of property and interests, both personal and real, including lands, buildings, residences, offices, works and appurtenances.

(2) Nationals of the United States shall not be obliged to obtain any permit or license in order to be entitled to land and operate cable on the Island, or to establish radio-telegraphic service, subject to the provisions of Article III, or to enjoy any of the rights and privileges embraced by this article and by Article III.

(3) No censorship or supervision shall be exercised over cable or radio messages or operations.

(4) Nationals of the United States shall have complete freedom of entry and exit in the Island for their persons and property.

(5) No taxes, port, harbor, or landing charges or exactions of any nature whatsoever, shall be levied either with respect to the operation of cables or radio stations, or with respect to property, persons or vessels.

(6) No discriminatory police regulations shall be enforced.

(7) The Government of Japan will exercise its power of appropriation in the Island to secure to the United States or its nationals needed property and facilities for the purpose of electrical communications if such property or facilities cannot otherwise be obtained.

It is understood that the location and the area of land so to be expropriated shall be arranged between the two governments according to the requirements of each case. Property of the United States or of its nationals and facilities for the purpose of electrical communication in the Island shall not be subject to expropriation.

The next outstanding events in our account are the various radio traffic agreements concerning Japan. The services of the Radio Corporation of America [11]

[11] U. S. Congress. House. To regulate radio communication. Hearings before the Committee on the Merchant Marine and Fisheries, House of Representatives, 68th Cong., 1st sess., on H. R. 7357, March 11, 12, 13, and 14, 1924. In answer to a great many complaints concerning the monopolistic features of the Radio Corporation of America, Mr. Sarnoff, Vice-President of that Corporation states: "Consider the fact that in each of these countries which I have mentioned there is but one station, and one radio service, communicating with this country. Let us take, as an example, Japan, which is so vital to our interests. The radio service in Japan is owned and operated by the Japanese Government itself. On this end, the service is owned and operated by the Radio Corporation of America, subject of course, to government licensing and so forth. The contract between the stations, or the contract covering the service rendered by those stations, is between the Radio Corporation of America and the

are founded upon a contract with the Japanese Government, which owned and operated the Funabashi (near Tokio) radio station with which the Radio Corporation of America is in direct communication. The original contract was made by the Marconi Wireless Telegraph Co. of America with the Japanese Government on August 22, 1916. This company assigned the agreement to its heir and successor, the Radio Corporation of America, on March 27, 1920.[12]

Government of Japan. The rates covering that service and the character of that service are stipulated by mutual consent between the two parties. Now assume, if you please, two stations in the United States, two radio stations in the United States, sending to Japan, but still the same single station in Japan, because Japan will not permit private enterprise there now, especially foreign enterprise, to build stations. And then what happens? Both stations or the owners of both stations in the United States have one foreign customer. Each of the American stations competes with the other for a single radio service in and out of Japan. Where does the control then lie? Does it lie between the two stations in that country, or does it lie with the Japanese Government? Who will then determine the rates and the nature of the service and the classes of service? Certainly the one customer who has it within his power to decide whether he will give the business to station A or station B. And so I say that aside from the question of broadcasting, aside from the question of the sales of apparatus, which are questions quite separate from international communication, the sole test as I see it, in the matter of international communication, is the test of competition between cables and radio, but not within radio itself; because there you have a natural monopoly for the time being, and if you divide that natural monopoly in the United States, in so far as international communication is concerned, as distinguished from broadcasting and sales, then you merely transfer leadership in this modern means of communication to the foreign countries of the world instead of preserving it for our own country."

[12] Federal Trade Commission, Report on the Radio Industry, 1923, appendix, 243 (Exhibit EE), gives the full texts of the agreements and transfer thereof.

The term of the original Marconi contract was for a period of five years to be continued thereafter, unless six months notice in writing be given by one party or the other of a desire to terminate the same. The war suspended the complete starting of the regular service until March 1, 1920. Section II of the contract states:

The contracting parties agree that the wireless rates shall not be higher than two-thirds of the telegraphic rates between Japan and Hawaii or Japan and San Francisco for the time being in force via Bonin.

III. On traffic transmitted between the Government's station at Funabashi and the Company's station at Hawaii and that between the Government's station at Funabashi and the company's station at San Francisco, one-half the wireless rates shall accrue to each party. If, however, the latter traffic be relayed at the company's station in Hawaii one-third the wireless rates shall accrue to the Government and two-thirds to the Company. . . . . [The normal method of handling Japanese traffic is to relay it at Hawaii.]

IV. The contracting parties agree to transmit between their respective stations mentioned in this agreement the telegrams of the Japanese and the United States Governments at one-half the wireless rates. . . . .

VI. In the execution of the service the contracting parties undertake that the provisions of the International Telegraph Convention of St. Petersburg and any modification thereof shall be applicable by analogy, in so far as they are not contrary to the provisions of this agreement.

CHAPTER VI

The Philippines

It has been aptly said that the Philippines are "domestic for foreign purposes and foreign for domestic purposes." As this chapter in the very nature of things is likely to be fragmentary like the chapter on Japan it might be well to sketch the situation in the islands today [1] at the beginning of the

[1] The last Report of the Governor General of the Philippine Islands, that for 1925 (69th Cong., 2nd sess., House Document No. 571, Dec. 9, 1926.—Referred to the Committee on Insular Affairs and ordered to be printed, Gov't Printing office, 1927, p. 75), has the following to say about the service:

1. Eastern Extension Cable.—During the year under review we turned over to the Eastern Extension, Australasia and China Telegraph Co. (Ltd.), a total of 5564 cablegrams for abroad, or an increase of 357 (6.8 percent) over the number handled in 1924, which was 5207. For these cablegrams we paid the company ₱40,850.40 [the peso is equivalent to fifty cents of our money] or an increase of ₱6,421.76 (18.6 percent), the amount paid in 1924 being ₱34,428.64 only. This company turned over to the Bureau of Posts for transmission to the provinces 3816 messages from abroad, or a decrease of 229 (5.6 percent), the number turned over in 1924 being 4045. There was also a decrease of 6.7 percent in the amount of tolls paid to us, the figures being ₱6,925.88 for 1925 and ₱7,430.52 for 1924.

2. Commercial Pacific Cable.—To the Commercial Pacific Cable Co. we turned over 2263 cablegrams for abroad, mostly for America, paying therefore, ₱34,705.04, or an increase of 468 (27 percent) in the number of messages and ₱5,667.41 (19 percent) in the amount of tolls, the number of messages in 1924 being 1777 and the tolls ₱29,037.63, respectively. There were turned over to us by this company 3870 messages for transmission to the Provinces, paying therefor ₱6,285.67 or an increase of 723 (23 percent) in the amount of tolls, as compared with the previous year's figures.

This company, as well as the Eastern Extension, has made an arrangement with the Bureau of Posts, effective February 1, 1925,

chapter before starting an account of the earlier international aspects.

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whereby the latter will not collect from the public the charge of ₱0.04 on cablegrams filed with them, as the companies will pay them to the said bureau.

Naval Communications Service.—We handled via the Naval Communication Service a total of 6815 radiograms for and from ship and abroad, as against 12,054 in the previous year, or a decrease of 5239 (43.9 percent). It seems that the decrease has been due to the reduction of rates of the Commercial Pacific Cable Co. and to the discontinuance of the handling by the naval radio station at Cavite of commercial radiograms for and from ships as a result of the granting of franchise and certificate of public convenience to the Far Eastern Radio (Inc.), Manila. . . . .

On page 51 of the same we read: . . . . During the same period [1925] 1,186.2 kilometers of new telegraph lines were strung, making a total of 11,802.13 kilometers of land lines and 1,085.49 kilometers of cable lines in operation, not mentioning the United States and foreign cable and radio service in the Philippines.

There are twenty-eight radio stations operated by the Philippine Government, and there will soon be ten other stations to be constructed, money having been already set aside for these projects. Besides the establishment of new telegraph stations in eleven municipalities, the combined telegraph and telephone service was extended to sixty-three other municipalities and barrios [villages].

There were recorded one hundred and four private amateur radio stations equipped with both transmitters and receivers. It is not known if others that have not registered were in operation. It is estimated that there are about five hundred receiving stations in the Philippines at this time. There were two broadcasting stations, one general public service coastal station, one experimental station, and one training school station. There were thirteen commercial ships and seven government ships equipped with radio apparatuses and operators.

Page 26 of the same reads: A first class broadcasting station is needed. Such a station will make possible the broadcasting of world news as well as local news throughout the islands, provided the municipalities will equip themselves with loud speakers. There is hardly a municipality in the islands where radio messages in English cannot be translated by students and teachers into the local dialect.

The Philippines are reached from the West by a cable from Hong-Kong belonging to the Eastern Extension and from the North by the Shanghai-Manila extension of the Commercial Pacific Cable. As we have noticed in previous chapters, there is only one cable line direct to the Far East from the United States, namely that of the Commercial Pacific Cable Company from San Francisco to Manila and Shanghai via Honolulu, Midway, and Guam. The part of the cable between Guam and Manila is subject to serious interruptions because of the coral sea bed, and, especially in the summer, to static conditions.

The Pacific was innocent of cables until the year 1903. As we have seen, when the telegraph was extended across the United States to the Pacific Coast in 1861, plans were made to continue it by the land route via Bering Strait and Siberia (Great Northern Company) to Europe. The first cable had been unsuccessful and many thought that other similar attempts would likewise be unsuccessful. In 1866, however, a new cable was laid across the Atlantic, and another cable, which had been lost in 1865, was recovered. As the backers of the Alaska route saw that their route could not hope to complete successfully with the two cables across the Atlantic, they abandoned it after almost a thousand miles of land lines had been constructed.

With the annexation of the Hawaiian Islands in 1898, and the Philippine Islands in 1899, the question of a Pacific cable had been revived. The offer of

the Commercial Pacific Company to lay a cable without subsidy was accepted, the last link of the cable being laid on July 4, 1903. As the distance between Guam and the Hawaiian Islands was too great for effective service, the island of Midway was called into service as a relay station. The total length of the Commercial Cable system is somewhat more than ten thousand miles.

Prior to the World War one cable was sufficient to handle the business across the Pacific, but with the closing of the lines of the Great Northern and Indo-European Telegraph Companies, and the great increase of American commerce with the Far East, cable communication facilities with the Far East have become inadequate.[2] The Commercial Cable Company had planned to lay a new cable directly from Midway to Japan, so that the existing line might be employed solely for the Philippines and China. However the Japanese did not take kindly to this plan. Instead they approached the Western Union Telegraph Company with a proposition for the laying of a new cable system across the Pacific. When the Western Union Company divulged plans for the laying of this cable by way of the Bering Straits in August, 1927, their plans were almost immediately checkmated by a proposal of the Commercial Cable Company to add to its facilities by

[2] Binda, J. L., International Cable Facilities: a survey of telegraph accommodations throughout the Far East. Worlds Markets, March, 1921, pp. 29-31.

the use of radio to the Philippines in connection with a new short cable from the Philippines to China. This novel hybrid could be, and from latest accounts is being, put into use before the preliminary arrangements for a cable could be made. "On October 17, the Radio Corporation of America put into operation a new wireless communication service between the United States and Hong-Kong, (British) China, by way of San Francisco. It has been forecast unofficially that the company may shortly contract with Western Union for the latter to handle certain of its delivery message business in various parts of the country."[3] What the outcome will be of the competition between the Commercial Pacific Cable Company, the Western Union, and the Radio Corporation of America for the communication business of the Philippines and the whole Far East, only the future can tell.

Having laid a factual foundation concerning present day conditions in the Philippines together with a brief factual survey of material covered in previous chapters which gives the steps leading up to the present situation, we will turn now to the international aspects of electrical communications, starting with the period just previous to our occupation of the Philippines.

There were no international aspects in the Philippines until just a short time before our entrance into

[3] Babson's Reports. November 8, 1927. Supplement to Confidential Weekly Service No. F-379.

the Philippines, when certain interests bestirred themselves to checkmate future American influence in the Far East as much as possible. As the various accounts of this early incident vary somewhat in the details the author will give two or three of the accounts word for word. In *The Eastern Extension, Australia and China Telegraph Company v. the United States,* Court of Claims of the United States, 1912, Peele, Ch. J. says: . . . . " The petition avers substantially that prior to the War with Spain the claimant herein, a British corporation, had by separate grants and concessions entered into contracts with the Spanish Government for the construction and operation at its own expense of certain submarine cables and telegraph land lines communicating between the Island of Luzon and certain other islands in the Philippine Archipelago and Hong-Kong, China, for which the Spanish Government agreed to pay the claimant an annual subsidy of £4500 payable monthly at Manila by the chief treasury office of those islands." [4]

In a Senate Hearing held during the year 1902, Mr. Scrymser, whose name appears so often in our chapters on South America and the Pacific cable, states in an interesting memorandum that: " On January 9, 1900, Lewis Marshall, Esq., appeared before the committee (Interstate and Foreign Commerce) and filed a protest in behalf of the Eastern Extension, Australasia and China Telegraph Com-

[4] 48 Ct. Cl. 33.

pany, Limited, stating that that company held a monopoly of cable landings in the Philippines and other Spanish islands for twenty years from March 30, 1898, as shown by copies of the Spanish Government cable concession which he presented to your committee. It is maintained by able lawyers that all the conditions of the Spanish Government cable concessions have been inherited by the United States government under the terms of the treaty of peace. Article 4 of the concession of March, 1898, provides that the government may, at any time when it deems expedient, redeem the exclusive privilege of establishing cables in the Spanish islands in the Pacific by the annual payment of £5000, say, for sixteen years after March next (the memorandum was written January 10, 1902). It would therefore appear that only the United States Government can secure the necessary landing rights in Guam and the Philippines, unless it be by the consent of the Eastern Extension, Australasia and China Telegraph Company, Limited.'' [5] This last statement is interesting in view of the fact that the " Eastern Extension " was later found to own the controlling interest in the Commercial Cable Company which latter company owns

[5] U. S. Congress. Senate. 57th Cong., 1st sess., Senate Document No. 141. Pacific Cable. Hearing before the Committee on Naval Affairs of the United States Senate relating to the Construction, operation, and maintenance of telegraphic cables between the United States and Hawaii, Guam, and Philippine Islands and other countries and to promote commerce. January 27, 1902.—Ordered to be printed as document. Washington: Government Printing Office, 1902, p. 41.

the only cable which has ever been laid across the Pacific.

Professor George Grafton Wilson, in lectures before the Naval War College in 1901, has the following to say of this concession:

"This cable was the property of the British Extension Australasia and China Telegraph Company, a neutral company acting under a franchise which they claimed was to continue till 1940 and which gave the company the exclusive right to cooperate cables in the Philippines to that date. Another clause provides that the company shall receive $25,000 a year if other cables are allowed to operate in the islands before that date. The company promptly filed a claim for $36,000 damages against the United States on account of the laying of military cables in the Philippines and on account of the interruption of the cable itself."[6]

Taking up the events of the Spanish-American War which had a connection with cables we find that on the afternoon of May 1, 1918, having control of the maritime area within which lay the cable from Manila to Hong-Kong, Admiral Dewey asked the Governor General of the Philippines that the cable be neutralized to the extent that each belligerent be at liberty to send messages over it without limitations or cen-

[6] Wilson, George Grafton. Submarine Telegraph Cables in their International Relations—Lectures delivered at the Naval War College, August, 1901, by George Grafton Wilson, Ph. D., Professor in Brown University. Washington, Government Printing Office, 1901, p. 16.

sorship by the other. This proposal of Admiral Dewey's was refused, and the cable was cut by the Zafiro on the morning of May 2, 1898, off Sangley point and the two ends buoyed.

Both the belligerents seemed to have taken further immediate action, of which the accounts are rather confusing. According to Mr. Scrymser,[7] his attention was called shortly after Admiral Dewey's announcement of the cutting of the Hong-Kong cable, to a cable message which showed that the cable was still working. An investigation proved that Admiral Dewey had not cut off all cable communication as he at first supposed. The Honorable Charles H. Allen, Assistant Secretary of the Navy, was promptly informed and through him it was brought to the attention of President McKinley and the war board. As the Manila end of the cable was in the hands of the Spaniards it was impossible to communicate directly with Admiral Dewey. It was therefore decided to call to the attention of the British minister at Washington and through him to the British Government, that the United States considered it a violation of neutrality for Great Britain to permit the cable to be operated between Hong-Kong and Manila by the Spaniards. Consequently in less than forty-eight hours the Hong-Kong end of the cable was sealed by the order of the British government.

[7] U. S. Congress. Senate. 57th Cong., 1st sess., Senate Document, No. 141, p. 42.

Meantime the Spanish Government seemed to have taken immediate steps. The Spanish authorities took advantage of one of the provisions of the concession which was to the effect that the company should not send telegrams when forbidden by Spain. The company claimed to have received an order in proper form forbidding the use of the cable, and due to the status of such property felt that they could not disobey an order of the government of the state in which it was situated. The company preferred that the cable remain idle rather than that the concession under which it operated should be endangered. The company said they were willing to resume operation if the United States would guarantee responsibility for any loss, and would promise to indemnify their shareholders in case of forfeiture. This same interruption brought from the law officers of the British crown the opinion that a neutral state could not, without a violation of its neutrality, allow a new cable from a belligerent point to be landed in its territory during the hostilities and for the purpose of military communication with a cable within British jurisdiction. The negotiations continued for more than two months before the cable was, by the consent of both belligerents, opened for the transmission of all messages of every kind.

Taking up the substance of the last paragraph more in detail, we find that five days after the cutting of the cable, Admiral Dewey dispatched a vessel to

the spot where the cable had been cut, about two miles off Cavite, where the cable lay in about ten fathoms of water. The action of the waves had carried the ends a couple of hundred of feet apart to the full length of a rope that had joined them to facilitate recovery. As there was no cable to be had, the repair was accomplished by splicing in a piece of insulated field wire with the proper allowance of slack. After all this work it was found that the Hong-Kong end had been sealed and the dispatch boat had to be continued, with the resultant delay and confusion.

When the United States attempted to obtain the use of the cable by an arrangement to be made confidentially with the Eastern Extension, the chairman of the company, the Marquis of Tweeddale, replied that he saw "no way to take our telegrams in face of the formal prohibition of the Spanish Government."[8] Shortly after these proposals of the United States, the Marquis of Tweeddale informed Mr. Hay that the Spanish Government had agreed to reopening the Manila office for the use of telegrams of every kind. Mr. Day, then Secretary of State, desired the postponement of the latter consideration as the United States had during the interim been engaged in the attempt to obtain the consent of the British government to land at Hong-Kong, a United States cable from Manila. After due

[8] U. S. For. Rels., 1898, p. 978.

consideration, Lord Salisbury replied that upon consultation with the lord chancellor and the attorney and solicitor general in respect to the matter, he was advised that his government was not at liberty to comply with the proposal of the Government of the United States.

The needs of commerce succeeded where diplomats and private negotiators had failed. A telegram from the manager of the company in the Far East stated:

> Commodore, Hong-Kong, and shipping community much concerned, now that typhoon season commences, at absence weather telegrams from Manila, which are of immense value to life and property. Authorities of all nations with whom Commodore consulted agree and hope that representatives and pressure on part of company in proper quarters may bring about speedy restoration.[9]

This telegram brought the Spanish Government to a speedy agreement that communication should be restored "Provided the cable and telegraph station in Manila are completely neutralized, so as to be available for the transmission of telegrams of every kind and from all sources." On August 17, 1898 (hostilities had been suspended since August 12), the United States consented to the reopening of the cable service with the expression of the hope that "Spanish Government" would not "object." The company was ready for business on August 22.

[9] Ibid., p. 979.

Professor Wilson comments concerning the above episode that "A better provision would be that which was adopted when certain cables in Cuba were seized, i. e., to allow the transmission of messages which were neutral in character, though this may be often difficult to determine. . . . . Had this course been adopted by Great Britain in the case of the Hong-Kong-Manila cable there would have been no necessity for the cutting or the sealing of the cable, but it might have been used for the transmission of weather observations, which were of so great importance to commerce in general and for other strictly neutral messages. The war messages would have been transmitted only when received in a neutral port after being brought by a dispatch boat, as was the case."

Having discussed the historical aspects of the cutting and sealing of the Manila Hong-Kong cable, we come to the legal aspects. This legal controversy continued until the year 1912. The effects of the monopoly concession to the " Eastern " which was the basis of this controversy are apparent to this day and may continue for an indefinite future, as may be seen from the flare up of plans and counter-plans which took place last August between the Western Union and the Commercial Cable Company.

When the Manila cable was cut, the Eastern Extension promptly filed a claim for $36,000 damages against the United States on account of the laying of military cables in the Philippines and on account

of the interruption of the cable itself. At the time the Attorney General gave as his opinion that:

> Property of a neutral permanently situated within the territory of our enemy is, from its situation alone, liable to damage from the lawful operations of war, which this cutting is conceded to have been, and no compensation is due for such damage.

The Attorney General further maintains[10] that, instead of being obliged to show why cable property should be subject to the general rule in regard to property in the time of war, it is on the contrary, necessary for the claimants to show why it should be exempt, if any such reason exists. The Attorney General adds:

> It was possible to take up the outer end and operate the cable from the time it was cut; and it was the sealing of the cable at Hong-Kong, and not the cutting, which prevented this from being done. It seems to me, therefore, that the injury by cutting can properly be regarded as in no way withdrawn from the rule by reason of its supposed extension beyond territorial waters, even if an extension of the injury could in any case alter the rights of the belligerent.[11]

The question finally came up before the Court of Claims of the United States.[12] The petition of the Eastern Extension (British) claimed that prior to the Spanish-American war the Spanish Government had granted the company the privilege of construct-

[10] Opin. Atty. Gen. Griggs, Feb. 1, 1899, XXII, 316.

[11] Ibid., p. 317.

[12] The Eastern Extension, Astralasia and China Telegraph Company v. The United States, 48 Ct. Cl. 33.

ing and operating at its own expense cable and telegraph lines in the islands together with a connection to Hong-Kong for which Spain agreed to pay the company an annual subsidy of £4500 payable monthly at Manila by the treasury of the islands.

Article III of the Treaty of Paris[13] signed in December, 1898, had transferred the sovereignty of the islands to the United States who thereupon assumed jurisdiction and control over all property rights in and upon said Philippine Islands, including the several lines of submarine cable and telegraph land lines established, constructed, and operated by the claimant, and availed itself of all the benefits and advantages thereof, using said lines of cable and telegraph for its governmental and other purposes, which it has continued to do ever since and still continues to do " without paying the annual subsidy of £4500."

The court quoted with approval a statement to the effect that they were under no more obligation to continue the contracts for public or private services of individuals or corporations than they were to continue in office officials appointed by the Spanish Government. The court added that the cables were not public property belonging to the Crown of Spain, but were the private property of the claimant company.

The United States Government simply assumed jurisdiction and control over all property and prop-

[13] 30 Stat. L., 1754.

erty rights in the Philippine Islands, including the cables and telegraph lines, using the latter for its governmental and other purposes, for which it made compensation. There was no interruption of or interference with the right of the company in the ownership and control of its lines.

The court stated that the concession granted by Spain was a personal obligation which in the absence of a treaty stipulation, therefore, would not attach to the United States. For that reason the petition was dismissed.

As stated above the only cable line to enter the Philippines was the Commercial Pacific cable in 1903, and three-fourths of the stock of this supposedly American company was owned by British or British controlled companies. However the Radio Corporation of America has recently been active in the islands as shown by its annual reports. In the report for 1924 [14] we find that " the Philippine Legislature, at its session in November last, granted to your Corporation a concession for the erection of a transoceanic station at Manila." The report for 1925 [15] states " Your engineers are now in the Philippines in connection with the erection of a radio station near Manila; some preliminary work has been accomplished." The report for 1926 adds "A station is being erected near Manila and will be ready for

[14] Report of the R. C. A. for 1924, p. 4.
[15] Report of the R. C. A. for 1925, p. 4.

operation early in 1927. It will be operated by the Radio Corporation of the Philippines, a subsidiary of the Radio Corporation of America, and will communicate with the United States, Japan, Hawaii, French Indo-China and the Dutch East Indies. The station will also be utilized for marine radio communication and radio broadcasting in the Philippine Islands.'' The Radio Rate Book of the R. C. A. for July 1, 1927, gives the regular rate from Manila to San Francisco and New York (Boston) as sixty and seventy-five cents respectively.

The well-known Radio Act of 1927,[16] passed by the Legislature of the United States, creating the Federal Radio Commission for the control of Radio in this country, states (Section 1) '' That this Act is intended to regulate all forms of interstate and foreign radio transmissions and communications within the United States, its territories and possessions.'' Section 35 modifies the above statement by adding that '' This Act shall not apply to the Philippines or to the Canal Zone. In international radio matters the Philippine Islands and the Canal Zone shall be represented by the Secretary of State.''

In view of the above statement and the statement that the islands are '' foreign for domestic purposes '' we will discuss somewhat in detail the latest acts of the Philippine Legislature dealing with radio. One

[16] Public—No. 632—69th Congress (H. R. 9971).

of the latest (Approved November 19, 1926)[17] of these acts gives an idea as to present regulations. It reads:

> Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by authority of the same. . . . .
>
> SEC. 1930-A. Jurisdiction of the Department of Commerce and Communications. . . . . The Secretary of Commerce and Communications is hereby empowered to regulate radio communication by (1) all shore stations within the jurisdiction of the Government of the Philippines Islands and (2) all radio stations on board of ships of Philippine register: *Provided,* That radio stations owned by the United States Government and operated for government purposes are hereby declared exempt from the provisions of this Act.

Following parts of this section state that the Secretary of Commerce and Communications shall have technical and administrative charge of and pass upon everything related with radio stations and "promulgate regulations governing radio communication, including the establishment of radio stations and services; the examination and licensing of operators; the assignment of wave lengths and frequencies to the several stations and services; the classification of radio stations; and the amendment of said regulations when necessary or expeditious in order to comply with international treaties or

[17] Seventh Philippine Legislature, Second Session, S. No. 36 (No. 3275). An Act to Amend Article One of Chapter Fifty-Two and Section Twenty-Seven Hundred and Fifty-Seven of the Administrative Code, providing for effective Radio Control.

keep said regulations abreast of the progress of radio science, or to meet any circumstances or conditions that may arise."

A possible loophole is found in the last provision of the paragraph which provides that (Section 1930-E): "No person, firm, corporation, or company shall erect, install, or operate a commercial radio transmitting station without having first obtained a franchise from the legislature; *Provided,* That amateur stations operated for purely experimental purposes and transmitting stations for private use may be installed and operated subject to such rules and regulations as may be adopted and promulgated in accordance with the provisions of this Act."

An Act approved shortly afterward on December 7, 1926, followed the practice of most of the countries of the world outside of the United States by imposing a registration or license on radio apparatus. The important sections of this Act provide:[18]

SEC. 6. Registration fee.—There shall be paid and collected in respect to every radio receiving set in the Philippine Islands an annual registration fee in accordance with the following scale: two pesos [one dollar] for crystal receivers and ten pesos for sets using a vacuum tube or tubes, whether for amplification or for detection. This registration fee

[18] Seventh Philippine Legislature, Second Session, H. No. 1426 (No. 3338). An Act imposing an Annual Registration Fee on Radio Receivers, Creating a Radio Broadcasting Fund therefrom, providing for the Disposition and Application of said Fund, and for other purposes.

shall be payable quarterly in advance, during the first twenty days of each quarter, and any such fee which is not paid within said twenty days shall be increased by a surcharge of twenty per centum, such surcharge to be part of fee. . . . .

SEC. 7. Exemption of sets for official use.—Radio receiving sets installed and operated for official use by the Insular Government or any political subdivision thereof or by the Army and Navy of the United States shall be exempt from the registration fees imposed by section six of this Act. . . . .

SEC. 9. Radio Broadcasting fund.—All the collections made under this Act, shall be deposited in the Insular Treasury, Twenty percent thereof shall accrue to the general fund, and the remaining eighty percent shall be set aside and shall constitute a special fund to be known as the "Radio Broadcasting Fund" which shall be used as hereinafter provided for.

SEC. 10. Application of Fund.—The Radio Broadcasting Fund shall be expended and disbursed by the Radio Broadcasting Committee hereinafter provided for, under the supervision and with the approval of the Secretary of Commerce and Communications, who shall, during the first twenty days of each regular session of the Legislature, submit to the latter a detailed report of all the expenses and disbursements made from this fund.

SEC. 11. Radio Broadcasting Committee.—There is hereby created a Radio Broadcasting Committee to consist of the President of the University of the Philippines, the Director of the Bureau of Posts, the Collector of Internal Revenue, the Chief of the Executive Bureau, two citizens of the Philippine Islands or the United States as representatives of the general public and a representative of the radio industry; the three last members to be appointed for three years by the Governor-General, with the advice and consent of the Philippine Senate. The members of the Radio Broadcasting Committee shall receive a per diem of five pesos for each meeting attended, not to exceed two meetings in any one month.

SEC. 12. Purposes for which fund may be expended.—The Radio Broadcasting Fund shall be expended exclusively for the following purposes:

(a) Giving financial assistance to the municipalities and selected Government institutions for the acquisition of radio receiving sets.

(b) Payment to the owners of any duly authorized radio broadcasting station or stations possessing satisfactory facilities and apparatus for service within the Philippine Islands, for the radio broadcasting of a minimum of two hours daily of governmental news, information, education and entertainment, to be allocated among the several activities, functions and departments of the Government by the Radio Broadcasting Committee: *Provided,* That the sum authorized for any station shall not exceed the actual value of the services rendered in accordance with this subsection.

(c) The employment of personnel, the payment of per diems, and the payment of the expenses necessary to the carrying out of the foregoing purposes: . . . . *Provided, further,* That the expenses authorized for these purposes shall not exceed five per centum of said fund.

(d) Any unexpended balance of the radio broadcasting fund . . . . shall be paid into a permanent fund which shall accumulate from year to year, to be used exclusively for the promotion and development of radio broadcasting in the Philippine Islands, in the following manner: when, in the opinion of the Radio Broadcasting Committee, this permanent fund has reached a sufficient figure for the establishment of broadcasting stations or any other installations in aid of radio broadcasting, said Committee shall recommend to the Legislature the stations or installations to be established in Manila or in the provinces, at the expense of said permanent fund.

We shall end this chapter on the Philippines by a quotation from the "Official Gazette"[19] dated Manila, Thursday, March 31, 1927, which describes the putting into effect of the above mentioned Act.

SEC. 7. *Existence of a radio broadcasting station of sufficient power to serve all points of the Archipelago certified to the Secretary of Finance by the Radio Broadcasting Committee; payment of initial registration fees to commence from the second quarter of 1927.*—On February 17, 1927, the Radio Broadcasting Committee certified to the Secretary of Finance that a radio broadcasting station of sufficient power to reach all parts of the Archipelago has been established. In view thereof, the collection of the initial registration fees prescribed in Act No. 3338 will commence from the second quarter of 1927 and payment of the initial fees must be made not later than April 20, 1927. . . . .

[19] Vol. XXV, No. 39. Published under Act No. 2930 of the Philippine Legislature.

CHAPTER VII

Summary and Conclusions

Many nations have in times past realized the indispensable part which communications play in national and international life. Statesmen realize that the amount of economic and political control in the various regions of the earth seems to be almost in direct ratio to the extent of the control of communications and propaganda in those same regions. As in the case of aviation which had its first rapid development under the pressure of the World War, the value of electrical communications was first sensed in connection with the strategic value of efficient communications in military and naval operations. Later, communications came to play the decisive part in that competitive struggle called international trade. It is no coincidence that Great Britain has been the leader in international banking and international trade as well as in international communications. Today Great Britain is the undisputed cable center of the world and most of the important cable traffic of the world tends to converge toward that "bottle-neck."

Many of the most prominent men of the United States were, among other things, rudely shocked at the flimsy pretexts by which the privately owned cables of Germany were seized and converted to the

use of Great Britain, France and a few of the other allies, after the war. Recommended by some officers of the Navy Department and strongly backed by the Departments of State and Commerce, the Radio Corporation of America has made New York the radio center of the world in the few short years since the war. This proud position has been obtained by private enterprise in a world where nearly every other government controls and usually subsidizes its communication and press services.

As stated above, it has been the policy of the United States to leave the field of communications to private enterprise. The granting of cable landing licenses was handled by the Department of State without question until after the World War. When the right of the executive to control the issuance of licenses was questioned in court during the Miami cable landing controversy of 1921, Congress enacted a law confirming the executive in his use of this power. Since the time of President Grant, cable landing licenses have been used as a lever to prevent monopolies and to secure reciprocal rights in foreign countries.

In the field of international conferences the United States has not been able to see its way clear to join the Telegraph Convention of St. Petersburg or the various revisions of the Telegraph Regulations attached thereto, although as a matter of fact, the United States complies with most of the regulations. The United States signed the Radiotelegraph Con-

vention of 1912 (London) and will probably sign that of 1927 (Washington) as it feels that it can exert its proportionate share of influence in such a Convention. Up to the present, the United States has been opposed to an amalgamation of the Telegraph and Radiotelegraph Convention, fearing for the independence of its private companies in competition with strong government-owned systems, which latter would control a decided majority of votes in a combined conference.

In South America, American cable interests intrenched on the West Coast struggled with British cable interests from 1868 until after the World War. Just prior to the World War, the American interests won the right of entry into the Brazilian field, only to be threatened by the loss of all interests in the whole of South America during the comeback which the British interests staged after their attention was freed from the World War. In spite of this effort, however, American cable interests are more strongly intrenched than ever in the South American field. In the last few years this same field has witnessed the triumph of American radio interests which hold the predominant position in the Consortium which in turn controls the radio situation over the greater and most important regions of that continent. Probably American influence will always be dominant in South-American communications although we may naturally expect periods when American influence will not be so strong.

However, the greatest interest in the international aspects of electrical communications in the Pacific area, if not in the world, is at present focalized on chaotic China, where the situation has been far from satisfactory to American interests.

The first hint that we get of American policy in China is in the Sino-American treaty of 1844, which states that American citizens are not to be restricted in their business in China by monopolies. There, germinates the idea of our Open Door Policy to which we have found it to our interests to adhere throughout all the succeeding years. The Sino-American treaty of Tientsin of 1858 introduces us to the idea of the most-favored-nation clause, by providing that any rights accruing to nationals of other countries would immediately be granted to citizens of the United States. In spite of perennial protests, however, on the part of the United States, China is one of the most monopoly-ridden countries in the world It has been impossible for a purely American company to gain unconditional entrance into China.

A foothold was obtained in China in 1921 by the Federal Company (California), but in spite of the backing of our Government which sent some of the sharpest notes ever exchanged between Great Britain and the United States, American radio companies have yet to gain entrance into China, although the successor to the Federal Company (the Radio Corporation of America) has held itself in complete

readiness to make an entrance into China at the earliest opportunity.

Just as the time honored American policy of "isolation" with regard to European affairs has seemed to undergo radical changes on account of recent world events, there have been hints that the United States may find it expedient to enter exclusive arrangements in China in cooperation with one or two other countries. The iron-clad cable monopolies of the British companies in China are supposed to expire on December 31, 1930. Meantime, the Chinese have recently been building radio stations which they claim are capable of communication with most if not all of the important countries of the earth. The near future may bring forth some startling events in this three cornered contest between (1) those who have the monopolies in China at present (Great Britain and Japan); (2) those who desire entrance into China (especially the United States) and (3) China, who wishes to maintain ultimate control over her own communications. In connection with the above the United States took "note of the general policy of the Government of China to own and operate electrical communication facilities within its territory" . . . . at the time of the Washington Disarmament Conference.

With this background perhaps we can better understand the seemingly senseless and protracted struggle to lay a cable across the Pacific. During the Spanish-American war Great Britain followed

the time honored custom of empires of " Divide and rule " by allowing the Philippines to be given to the United States rather than Germany who was her strongest commercial rival at that time. The recent granting of the South Sea Islands, including Yap, to Japan at Versailles, at the time when the war had caused the United States to emerge as the most potentially powerful nation in the world, may be a mere coincidence. Certainly the present territorial scramble in the Pacific area works out surprisingly well for the maintenance there of the British position. However, the author has many dear and personal friends among the British official class with whom he has held long and animated discussions as to all angles of possible events as much as a hundred years hence, which fact would tend to create suspicion in his mind at least as to the popular British claim that they always " muddle through."

In the feverish years of activity at the end of the nineteenth century, the cable companies in China secured secret monopoly agreements which were, it has been said on good authority, aimed against the United States and designed to prevent the laying of a trans-Pacific cable except upon such terms as the companies might demand. Not only these British companies but the British government was apprehensive as to the part the United States was likely to play in the Far East in the future. The absence of a direct trans-Pacific cable, operated by American in-

terests, would tend to minimize American influences in that sector of the world.

Only a few months before the outbreak of the Spanish-American war, a British company (the Eastern Extension) secured at Madrid a monopolistic cable concession covering the Philippines. Naturally after our acquisition of the Philippines there was an active movement in the United States for an American cable across the Pacific. The British cable companies desired to prevent such a cable and designed a scheme which fulfilled their purpose. When later a trans-Pacific cable was laid by the supposedly American "Commercial Pacific Cable Company," British and British controlled companies held seventy-five percent of the stock of the company, a fact that was not known until 1921.

Keeping the above political factors in mind, we can better understand why the Pacific was not bridged by cable until after the beginning of the present century. This was due not so much to technical as to political factors. However, when a trans-Pacific cable was first seriously considered way back in 1870, the technical difficulties appeared insuperable. Therefore a route connecting California with Asia by way of Alaska was considered. When transoceanic cables were proved to be feasible, the expensive and undesirable project for a land line by way of the weary wastes of Alaska was abandoned.

Hawaii was eager to have cable facilities. But the citizens of the United States needed all their capi-

tal for domestic development and naturally hesitated to risk money in a cable which would have hardly met expenses for many years. Many bills were brought before Congress providing different schemes to lay a cable (1) by private enterprise, (2) by government subsidy or (3) by the government itself. Due to the bitter rivalry of American companies and the opposition of the times to subsidies and monopolies, the cable was not built until after an "All-Red," all-British cable had been built between Canada and Australasia. Incidentally Great Britain attempted to claim one of the Hawaiian islands for use as a relay station for this cable. A proposal of the American Commercial companies to build without subsidy a cable across the Pacific via Hawaii, Midway, Guam and the Philippine Islands, was accepted by our unsuspecting Congress and not until 1921 was it known, as I have stated before, that seventy-five percent of the stock of the company was owned by British interests.

In August, 1927, the Western Union announced plans to construct a high speed cable across the Pacific by the short route via Japan. However, this plan was quickly and effectively checkmated by the existing Commercial companies (Mackay Companies) which planned to duplicate, and according to recent rumors are duplicating, their present inadequate cable facilities with radio facilities. This could be done as the Commercial company already

has right of entry by cable into China from the Philippines and could erect a radio system for the rest of the route before the Western Union cable could well be started.

With regard to wireless, the Navy had a circuit across the Pacific to the Philippines during the war. As a privately owned system was finally considered advisable, the Radio Corporation of America established as quickly as possible, radio contacts with Japan (direct and via Hawaii), the Dutch East Indies, French Indo-China, the Philippines and Hong-Kong (British) China. Although the author is unduly fond of prophecy, he hesitates to prophesy as to what will happen in the Far East.

Geographically, Japan happens to be on the fringe of this great crusade across the Pacific as at present constituted. This does not mean that she is not of vital importance, however. From the economic point of view, Japan furnishes one half of the communication business across the Pacific at the present time, which fact gives her tremendous leverage in applying pressure to foreign nations including ourselves. From the international aspect, communications in Japan are of more interest, at least to Americans, in connection with the accounts of other countries. Also our interest in Japan is lessened by the rigid national or domestic control over communications in Japan.

In Japan, as in some other countries, there is an apparent difficulty in harmonizing the general radio

interests with those of the Navy. While Japan is immediately interested in communications in the Far East, her government takes an active interest in world wide communications, although this interest has borne little fruit in gaining for her stations with which she can communicate in foreign countries. Japan has had a particular interest in the improvement of services with the United States. One of the first services of the Radio Corporation of America was established with Japan. A semi-official company was formed in Japan in April, 1925, to handle foreign communications.

The Philippines are the terminus of the American communication system across the Pacific and may again serve as a point of entry into the Asiatic mainland. They are under the American flag; furthermore, they are " foreign for domestic purposes, and domestic for foreign purposes," a situation which makes them of special interest. Just before the Spanish-American war a British company forestalled the possibility of American controlled cables from the Philippines to China. The Philippines will indubitably play a stellar rôle in the drama of electrical communications in the Far East. In view of the situation in China, and of the recent tremendous technical advances especially in radio, we may look in the not too distant future for some very startling events if not a climax in this throbbing drama of electrical communications.

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